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Restaurant Business

A BILL PUBLICATION

NOVEMBER 1, 1989

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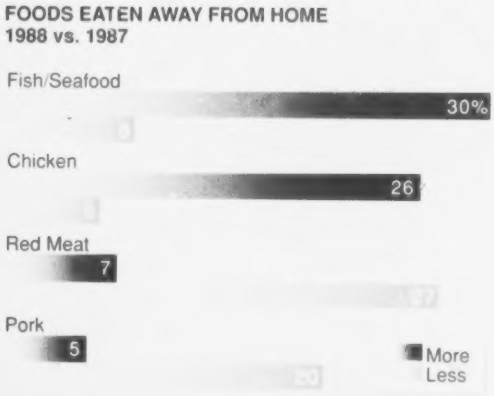
BUSINESS BAROMETER



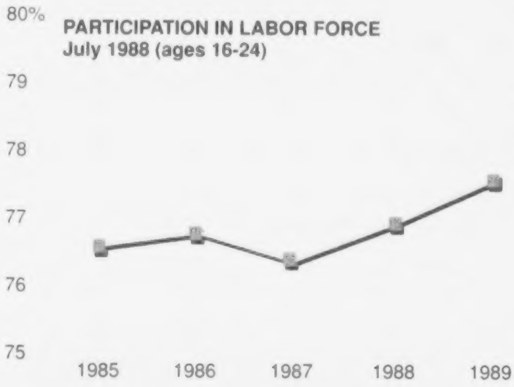
Of Meat, Fish, and Fowl

A special nationwide mail-out survey of 1,400 adults aged 25 and over by Technomic Inc. indicates a continued trend away from beef and pork.

Respondents were asked to indicate whether they had ordered more or less red meat, chicken, pork, and seafood dishes at restaurants over the past 12 months. Twenty-six percent said they had ordered more chicken dishes, while only 6% reported a decline. The remaining 68% reported no change.

Similarly, 30% reported an increase in fish/seafood selections, versus just 8% reporting fewer occasions. In sharp contrast, 27% of the respondents ordered red meat less frequently, while 20% ordered pork less frequently.

SOURCE: Technomic Inc.

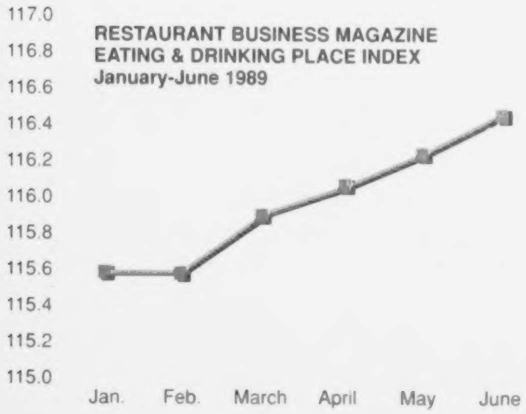


Youth Goes Into Labor

Between April and July each year, the number of 16 to 24 year olds in the labor force grows rapidly, as large numbers of high school and college students search for summer jobs, and recent graduates look for permanent employment.

The proportion of youths looking for work—the labor force participation rate—reached a high of 77.5% last July, exceeding the previous high attained last summer. However, due to the continuous decline of the youth population, the actual number of young workers in the labor force—25.0 million—dropped by 390,000 since July 1988. Over this one year, the population of 16 to 24 year olds fell by three-quarters of a million.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics



RB Index Inches Upward

The *RB* Eating and Drinking Place Index shows real sales trends, adjusted for seasonality and inflation, through a 12-month moving average.

Advance figures from the U.S. Department of Commerce moved the June 1989 index to 116.43—meaning that sales were 16.13% higher in June versus the average deflated sales for the period from 1982 to 1984. The index has inched up 0.57 points since January, and is up 2.5% compared with July 1988. Fast food has fueled much of the growth with a 3.3% real increase in sales for the first half of the year. Midscale and upscale restaurants had a real increase of 1.9%, while Separate Drinking Place sales decreased 1.6% in real terms through the first six months of 1989.

SOURCE: U.S. Department of Commerce, Technomic Inc.

RESTAURANT BUSINESS

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Cover photo of the Levys at the Fireworks Factory by Nobu Arakawa/Black Star. Fireworks photo by Black Star.

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REPRINTS, INDEX AVAILABLE

Restaurant Business *now has available specially prepared reprints of the* **1989 RESTAURANT GROWTH INDEX** *and the* **1989 MAJOR FORCES IN FRANCHISING**. *The reprints are available for $5 per copy.*

In addition, Restaurant Business *is now offering its* **1988 EDITORIAL INDEX** *for $25 per copy.*

Direct inquiries to: Editor Peter Berlinski, Restaurant Business, *633 Third Ave., New York, NY 10017.*

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IN THE NEXT ISSUE

COVER STORY

THE TOP 100

Once again, *RB* offers the definitive chain analysis of the top 100 restaurant companies. This authoritative register—our second annual—is the only comprehensive compilation of company source data: We use no estimates or projections. This is an exclusive roundup of hard data prepared especially for *Restaurant Business* by Technomic; the report also includes 100 company profiles written by staff. One hundred chains, from McDonald's to Blimpie, are ranked by 1988 U.S. systemwide sales and units; average unit volumes, as well as 1987 sales and unit counts, are also included.

MENU IDEAS

THE PANTRY OF THE '90s

Food Editor Scott Allmendinger takes a look at what items ought to be on all operators' shelves and in their refrigerators in the coming decade. Included will be a presentation of three main categories: herbs and produce; farmed fish and seafood; and condiment varieties, including oils, vinegars, mustards, and salsas.

MARKET SEGMENT REPORT

SANDWICH

The sandwich segment is continuing to experience healthy growth, led by Milford, CT-based Subway Sandwiches & Salads. Expansion in this sector is expected to at least equal—if not surpass—last year's record. The growing popularity of sandwich chains has been attributed to a number of factors, including the trends toward take-out and healthier dining.

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JOB SATISFACTION

Unit Managers Rate Their Compensation and Benefits.

By Marjorie Freedland

In order to help the industry understand the career concerns of the foodservice manager, *Restaurant Business* and Deutsch, Shea & Evans Inc. (DSE) recently conducted a job satisfaction and motivation survey among this key group of workers. This report is in two parts; part I ran in the October 10 issue.

Part II focuses on the problems of foodservice unit managers and their assessment of top management, compensation, benefits, and career options.

How satisfied are the respondents with key elements of their present job?

Ninety-three percent like their responsibilities, a confirmation of findings previously reported. Other sources of broad-based satisfaction are working conditions, 85%; job security, 83%; and company-growth potential and compensation, each with 73%; 66% are pleased with their benefits.

Approval of their career development and training varies under different types of ownership. Although there is extensive satisfaction with career development within the industry, those unit managers working in independent operations are more satisfied than those in chain establishments. However, those workers in independent operations are not nearly as happy with the on-the-job training they have received; respondents who work for chains were happier with the training.

Least satisfactory for the group overall, are the corporate management training programs. A slim majority, 54%, is happy with its program, but

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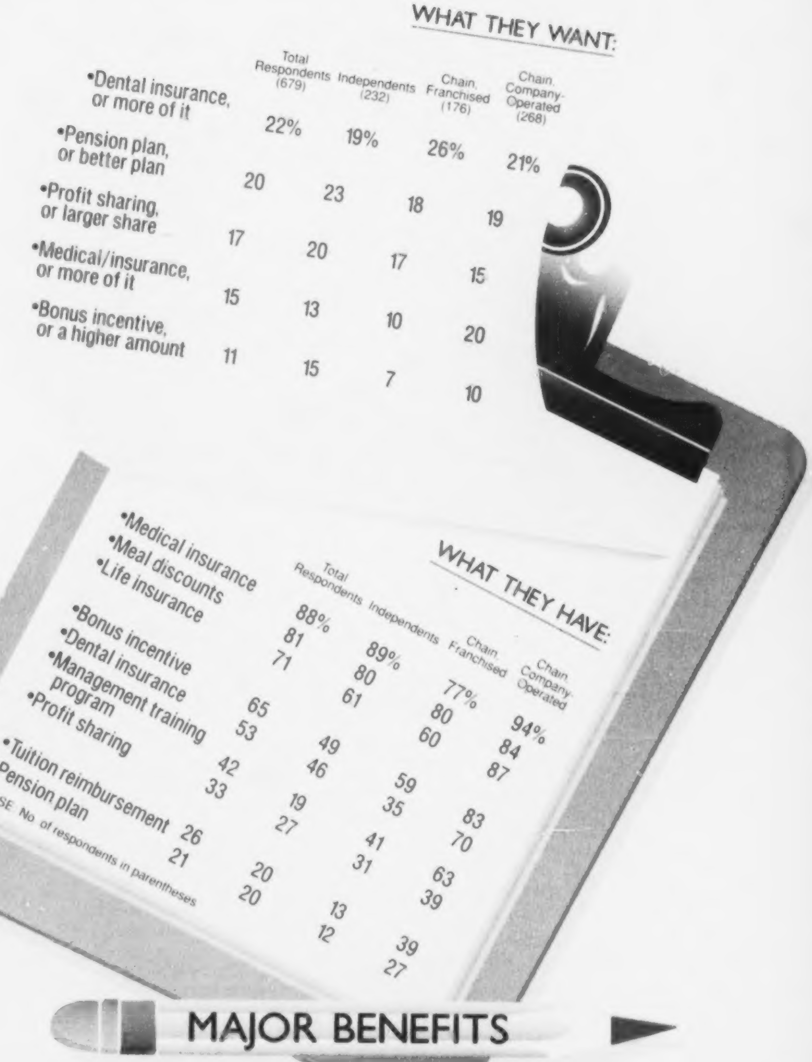

MAJOR BENEFITS

WHAT THEY WANT:

	Total Respondents (679)	Independents (232)	Chain, Franchised (176)	Chain, Company-Operated (268)
•Dental insurance, or more of it	22%	19%	26%	21%
•Pension plan, or better plan	20	23	18	19
•Profit sharing, or larger share	17	20	17	15
•Medical/insurance, or more of it	15	13	10	20
•Bonus incentive, or a higher amount	11	15	7	10

WHAT THEY HAVE:

	Total Respondents	Independents	Chain, Franchised	Chain, Company-Operated
•Medical insurance	88%	89%	77%	94%
•Meal discounts	81	80	80	84
•Life insurance	71	61	60	87
•Bonus incentive	65	49	59	83
•Dental insurance	53	46	35	70
•Management training program	42	19	41	63
•Profit sharing	33	27	31	39
•Tuition reimbursement	26	20	13	39
•Pension plan	21	20	12	27

BASE: No. of respondents in parentheses

36% are not, and 10% did not answer, probably because this training is not available to them.

Clearly, the area of management training is one that needs some attention. For some unit managers, it may not even be available. Among those respondents whose companies do offer management training, many of these programs are viewed as unsatisfactory.

MAJOR PROBLEMS. It is generally acknowledged in the industry that recruiting and retaining hourly employees is *the* major problem. As one respondent expressed it, "That's the biggie." Therefore, the questionnaire sought information on other issues, and the respondents were encouraged to cite as many problems as they wished.

Unit managers' multiple answers were grouped into four major areas of concern. Leading the list were: profit-related problems, mentioned by 41%; dealing with people, 36%; operational problems, 32%; and finally, personal work factors—deadline pressures and long hours—15%.

The high cost of food, labor, insurance, utilities, and other necessities, combined with the burden of profit and loss responsibility, and unprofitable business locations, were all included in the P&L category. "Maintaining the bottom line" and "controlling the controllables" to them is a formidable challenge, particularly when management sets "unobtainable goals" and demands "instant profits."

Moreover, competition is fierce. Faced with trying to attract new customers in a saturated market, one manager sums up his situation as: "Trying to maintain a budget. Competition is so intense, they beat us to death with price points. We raise prices, patron count falls off. We lower prices to compete...costs go out of sight. Very tough to win!!"

It comes down to containing costs while generating additional revenue—doing more with less.

Dealing with people—hourly employees, senior management, and customers—presents a variety of problems. Fourteen percent have difficulty training and motivating employees, 9% report other staff problems and 3% find it hard to recruit/train assistants.

Among their hourly workers, they try to build morale, instill a good service attitude and pride, and communicate the importance of their work: "Making sure employees are making sure the customer is satisfied." Other employee problems are dishonesty and substance abuse. Evidently, employee theft is rampant. One respondent is calling for mandatory drug testing.

The respondents' assistant managers, in work situations with little growth potential, have to be motivated to work together as a team, trained to be people-handlers, and to care about the business as if they owned it. They, as well as the hourly workers, apparently lack the work ethic.

Seven percent of the respondents are disillusioned with *their* supervisors (owners or chain hierarchy)—"corporate people who run the business from their office building." Unit managers

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STRESS FACTOR

> **'Working long hours to do the job properly and trying to motivate my assistant managers to do the same.'**

COMPENSATION

MEDIAN SALARIES BY DEMOGRAPHICS

Total Respondents	$33,240
Men	$35,000
Women	$27,000

BY EXPERIENCE AND TENURE

Years	Experience	Tenure
2 or less	$21,560	$27,630
3-5	27,600	32,200
6-10	31,200	34,500
11-15	37,000	38,000
16-20	39,500	38,500
over 20	40,400	46,900

BY TYPE OF RESTAURANT OWNERSHIP

Independent	$34,620
Chain, franchised	$29,700
Chain, company-operated	$33,940

BY NUMBER OF HOURLY EMPLOYEES

Under 20	$28,420
20-39	$30,500
40-59	$33,400
60 and over	$38,400

STRESS FACTOR

> **'I feel I always have to be here—it's very hard to take time off. There seems to be a disaster every day that must be solved.'**

particularly resent the upper echelon making decisions that affect them without asking for their input.

Incompetent supervisors who issue conflicting and changing instructions came in for considerable criticism. However, hardest to deal with are management's increased expectations, especially in light of decreased resources and support.

Problems with patrons, reported by 3%, center on customer complaints, demands, rudeness, pilferage, and defacing restaurant property.

Operational problems mentioned were quality control (15%), equipment maintenance (8%), vendors (6%), and government regulations (3%).

The respondents strive to serve quality food "picture perfect," and consistently aim to make "tomorrow's presentation better than yesterday's." However, in doing so, they sometimes have to be wary of incurring the wrath of the home office. As one manager put it, "The trick is keeping the menu from becoming boring and yet not provoking upper management by straying too far from the menu they hand down."

Maintaining high standards of service and cleanliness is important to them as well. Coordination and timing, too, are of the essence. Their function is almost like orchestrating a production, and best described as, "Keeping the dining room in synch with the kitchen."

Antiquated restaurants needing a "facelift" and 20-year-old equipment pose other problems. Equipment breakdowns and subsequent repairs result in "impossible" expenses.

FENDING OFF VENDORS. They despise "obnoxious" and "unethical" vendors who try to take advantage of them. They report getting shorted on food orders, lack of consistency in quality and substandard food, and poor service from giant suppliers. It requires a firm approach to "convince suppliers that I mean business, when I demand top quality," said one manager.

With their incredibly busy schedules unit managers regard government regulation as just another burden. They must contend with constantly changing workers' compensation and tax laws on the federal, state, and local levels.

All these problems take their toll, and managers feel the strain emotionally, physically, and socially. The stress is enormous and although job satisfaction is present, there is a pervasive foreboding that the operation needs their constant presence to head off catastrophe. On top of that, they are insecure in their positions.

While some of these unit managers enjoy good relations with their chain organizations, for the great majority, corporate management is not a source of job satisfaction. How exactly do these respondents assess the management style of their corporate parents?

Most believe their company requires high-quality supplies and standards, and is oriented toward long-term growth—but not all respondents answered, showing some ambivalence on these subjects. Twenty-seven percent in company-operated chain restaurants actually consider their management short-term profit-oriented. A bare majority concedes that chain officials encourage independence and initiative—a key element of job satisfaction. However, one out of four in company-owned operations feels *discouraged* from displaying initiative.

Worst of all, the chains, particularly company-operated, are perceived to be *unresponsive* to employee/franchisee concerns. Only 43% are viewed as responsive, while approximately one in five respondents views his chain management as unresponsive.

COMPENSATION. Compensation was a critical factor in respondents' job choice. How much, then, do they earn? Salaries range from under $20,000 to $100,000 or more, but the median for the overall sample is $33,240. The median salary for men is $35,000, $8,000 more than for women at $27,000. Compensation in this occupation follows the classic pattern, increasing with age, education, experience, and tenure.

By type of ownership, managers in independent operations earn most—$34,620; in chain-franchised operations they earn the least, at $29,700. In company-operated chains, these unit managers make $33,940.

The larger the operation in number of hourly employees, the higher the manager's salary. By geographic region, east coast managers earn more than those in other areas. In north central U.S., with prevailing lower housing costs, salaries are lowest.

Satisfaction with compensation is widespread (73%). As would be expected, the higher their salary the greater their satisfaction. Interestingly, midwesterners, at lower levels of compensation, are more content than their counterparts elsewhere.

Only 19% of the group receive a percent share of the ownership. Not surprisingly, the older, more experienced,

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STRESS FACTOR

> **'Poor pay. No job security, basically a dog-eat-dog world. You're always replaceable.'**

and tenured managers get that perk more often than others. One-third of those working at their company over 20 years report receiving it.

Terms and percentages vary considerably. This compensation method is more prevalent among managers in chain-franchised establishments than in other operations; the smaller the business, the more frequently a percent share is part of the deal.

Just 3% indicated that a percent share of ownership is a benefit they do not now receive but would like to have.

BENEFITS. The industry as a whole apparently offers a vast array of benefits. However, based on these findings, for the most comprehensive benefit package, foodservice managers should look to company-owned chain operations. They offer, by far, superior benefits to those available from the independents or chain franchises.

In view of the extensive range of benefits, it is somewhat surprising that nearly one-third (32%) expressed some degree of dissatisfaction with their benefit package. Worthy of note, the degree of overall satisfaction is not appreciably different between the "haves" in company-operated restaurants and the "have-nots" in franchised operations. Regardless of what they are getting, they want additional benefits, or better quality. The five top benefits on their "wish list" are also shown in the benefits chart (see page 73).

CAREER PLANS. What about their plans for the future? Where do they see themselves five years down the pike?

Three-quarters indicate they intend to remain in the industry. A key incentive is money. The more they are earning, the higher their rate of anticipated occupational stability.

For 6%, it's too hot in the kitchen, and they intend to leave the industry. An additional 18% are undecided.

The prospect of losing 24% of the current managerial workforce should be cause for concern. Because there is no consensus as to their work alternatives, there still is time for the industry to make a concerted effort to alleviate managers' problems.

Marjorie Freedland is senior vice president and director of research for Deutsch, Shea & Evans Inc., specialists in human resources research, advertising, and communications.

SATISFACTION WITH KEY JOB FACTORS

	Total Respondents (679) %	Independents (232) %	Chain, Franchised (176) %	Chain, Company-Operated (268) %
SCOPE OF RESPONSIBILITIES				
Satisfied	93	91	94	94
Dissatisfied	6	8	5	6
No answer	1	1	1	*
WORKING CONDITIONS				
Satisfied	85	87	90	81
Dissatisfied	14	12	9	19
No answer	*	1	1	—
JOB SECURITY				
Satisfied	83	83	87	81
Dissatisfied	16	15	11	19
No answer	1	2	2	*
CAREER DEVELOPMENT				
Satisfied	78	82	77	75
Dissatisfied	21	16	21	25
No answer	1	2	2	*
COMPANY GROWTH POTENTIAL				
Satisfied	73	73	73	72
Dissatisfied	25	23	23	28
No answer	2	4	4	—
COMPENSATION				
Satisfied	73	72	73	72
Dissatisfied	26	24	24	28
No answer	1	3	3	—
ON-THE-JOB TRAINING				
Satisfied	72	64	78	74
Dissatisfied	24	27	17	25
No answer	4	9	5	1
BENEFITS				
Satisfied	66	66	67	66
Dissatisfied	32	32	30	34
No answer	2	2	3	*
CORPORATE MANAGEMENT TRAINING PROGRAM				
Satisfied	54	38	60	63
Dissatisfied	36	39	31	35
No answer	10	23	9	1

*Less than 1% Base: Number of respondents shown in parentheses

MARKET SEGMENT REPORT

PIZZA

The leading chains are concentrating on entrenchment and implementing tried-and-true market strategies.

By Nancy Cohen

The bells and whistles that have accompanied the growth of the $14-billion pizza segment over the past several years have dimmed to the steady hum of a well-oiled machine at work.

While previous years were characterized by new product introductions, operational developments, and the escalation of the discounting wars, the market now appears to have matured; operators have been making such elements as deep-dish products, delivery, and discounting business-as-usual, and the leading chains are concentrating on entrenchment and the aggressive rollout of their now-established formulas.

EXPANSION. Major expansion has become the strategic focus. Market leader Pizza Hut has plans to double its domestic units to a staggering 12,000 by 1993. Domino's intends to follow on its competitor's heels with an estimated 10,000 units worldwide within the decade. And Little Caesar, which currently has 2,747 outlets, hopes to maintain its position as third in overall growth with more market penetration.

"We estimate that within four or five years the industry will hit the saturation point; hence the immediacy of our growth objectives to put us in a position of strength," says Roger Rydell, Pizza Hut's director of public relations.

Not surprisingly, the steam-rolling of chain units across the nation is making itself felt at the expense of independent operators. According to George Rice, president of GDR/CREST Enterprises, Park Ridge, IL, the chains are enjoying increases in traffic of 11%, in contrast to segment-wide traffic increases of 2%.

While independent operators may be lagging behind the chains, they nonetheless continue to open at a faster rate than those in other segments: in 1989,

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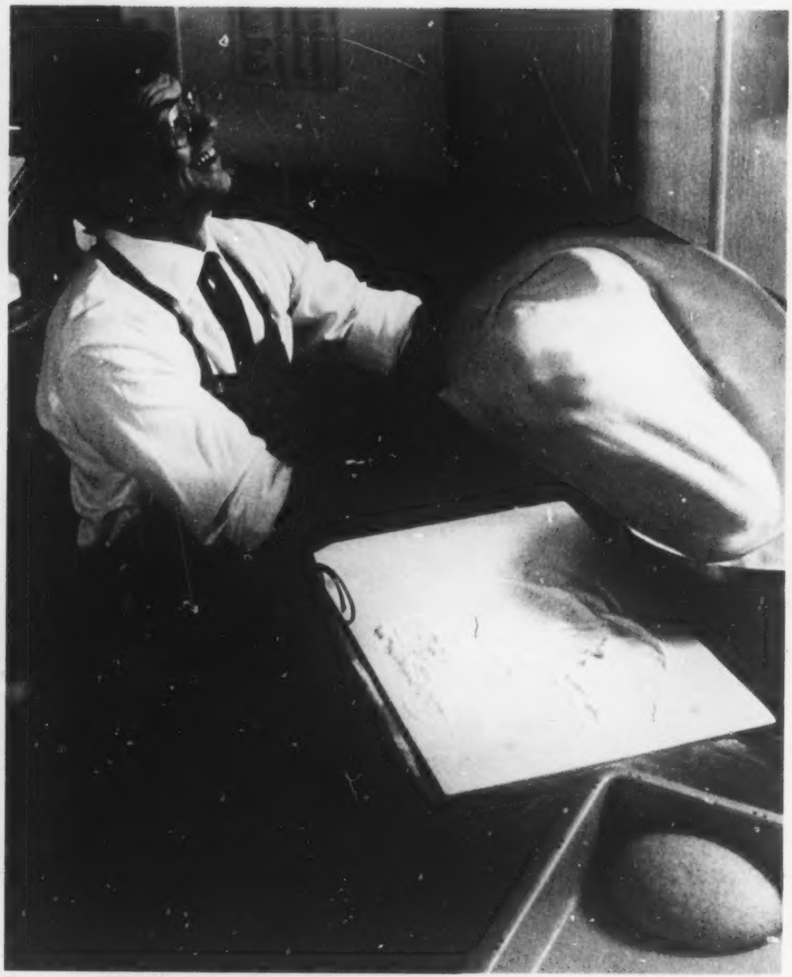
CALIFORNIA
PIZZA KITCHEN

The California Pizza Kitchen chain has popularized nontraditional pizza. Its choice of toppings include goat cheese, duck sausage, and barbecued chicken.

MARKET SEGMENT REPORT

PIZZA



Domino's CEO Monaghan shows how it's done.

independent unit growth reached 5.1%, for a total of 17,450, according to Millie Lemajich of the Restaurant Consulting Group, Evanston, IL.

But the total number of restaurants jockeying for a piece of the pizza market increased 9.2% in 1989 to a total of 49,707, she says. By contrast, total restaurant units increased by only 3%.

Though the pizza segment continues to outpace the foodservice industry's overall growth, that growth may already have begun to slow, according to GDR/CREST's Rice. "The numbers speak to the continued vitality of the segment," he says, "but it's at considerably lower growth than in previous years." CREST data for the year ending May 1989 show that household expenditures for pizza increased 5%, in contrast to 3% growth for the industry as a whole. "And with the dramatic increase in the number of outlets in the past year, the real growth could even be considered flat," he notes.

Certainly, demand for on-premise consumption appears to have flattened, with market growth spurred by home delivery. According to New York City-based Shearson Lehman Hutton analyst Caroline Levy, on-premise consumption actually dropped 2%, while off-premise consumption rose by 6%.

CROSS-CURRENTS. "There are two cross-currents driving the business," says Stephen Rockwell, an analyst with Alex. Brown & Sons, based in Baltimore, MD. "One is delivery—virtually every pizza parlor from the independents to the chains now offer it; the other is discounting and lower prices. The market will continue to be very tough."

Indeed, delivery's impact has not slackened, even in the wake of controversy about delivery-related traffic accidents. "Delivery has definitely been a growth area for us," says Greg Lippert, vice president of marketing at Tulsa, OK's 284-unit Mazzio's Corp. "Although it can cannibalize some of the carry-out and drive-thru business, it typically adds 10% to 15% to sales—up to 30% in some units."

Particularly since Pizza Hut moved into the Domino's-dominated delivery market, the addition of delivery has become crucial to other chains. "In our markets of strength we are perceived as the quality leader, but the reality is that in a choice between quality and convenience, people opt for convenience," says Doug Rice, communications manager for 550-unit, San Francisco-based Round Table Pizza. "If we didn't deliver, we'd be forfeiting sales."

PRICE PROMOTIONS. Discounting, too, has changed the face of the market, especially as the major chains have followed Little Caesar's two-for-one-price lead with their own promotion strategies. "At some chains, 40% to 50% of all visits now involve a promotion, whereas that number for the quick-service market overall is only 20%," says GDR/CREST's George Rice. "Discounting has almost reached the point of diminishing returns; as everyone does it, the competitive edge starts to be lost."

"Discounting is almost a given; the customer expects it now," says Steve Frisbie, manager of public affairs for Godfather's Pizza, Omaha, NE. "You

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MARKET SEGMENT REPORT

PIZZA

have to run different offers periodically to maintain your visibility. It's just a cost of doing business."

Just as the market matures, however, a new player may be entering to tip the balance: McDonald's is testing pizza again, this time with 14-in. whole pies rather than the 7-in., single-serve McPizzas it tested last year. Twenty-four outlets in the Evansville, IN/Owensboro, KY-area currently offer the product to the dinner customer after 4 p.m.

"The test of pizza is just one more example of how our menu evolves to mirror changing consumer needs and tastes—just as our introductions of breakfast, Chicken McNuggets, and salad were," says Melissa Oakley, McDonald's supervisor of media relations.

She emphasizes, however, that the pizza project is only a test. "And our tests can take years," Oakley says. Nonetheless, McDonald's has launched its first advertising support for pizza, marketing its speedy, 5½-minute service with radio and television spots.

"If McDonald's can do pizza as well as they do french fries, we're all in trouble," says Amy Lorton, editor of *Pizza Today*, the publication of the National Association of Pizza Operators. "McDonald's has the distribution system to hurt even a Pizza Hut," agrees Alex. Brown's Rockwell.

LEADERSHIP ROLE. Pizza Hut, which outdistanced the market with sales of $2.8 billion in 1988, aims to lock in its leadership slot as it continues to roll out as many points and kinds of distribution as possible. The Wichita, KS-based division of PepsiCo has 6,000 domestic units. Pizza Hut plans to base expansion less on its full-service restaurants than on an array of delivery/carry-out formats.

"Our latest market share figures show us capturing 23% to 24%—three years ago, our share was 19%," says Rydell. "President Steve Reinemund's vision is to capture 40% share, with twice the revenues and twice the points of distribution. And it's delivery that's still driving the growth. The demand for off-premise consumption is there, and the economics are favorable."

In 1988, delivery accounted for more than 25% of sales growth and half its profit growth at the store level. Moreover, the company says, each dollar it invests in a delivery unit generates more than three times the return of a dollar invested in a traditional unit.

In an arrangement with Marriott Corp., Pizza Hut is opening kiosks inside hospitals, universities, and airports. The pizza chain is also targeting mall development with both in-line Express units and with food courts formed jointly with sister companies Taco Bell and Kentucky Fried Chicken.

Pizza Hut is currently testing another express concept at one unit in Wichita: a drive-thru-only kiosk on a parking lot pad, which offers pizza, packaged salads, and canned beverages in a 30-second transaction.

Marketing, too, is a key element of Pizza Hut's growth plans. Spending is up roughly 50% to $150 million in network advertising and local market activities, Rydell says.

The segment is maturing, and is reaching saturation.

DELIVERY LEADER. Despite Pizza Hut's campaign into delivery, Domino's Pizza, Ann Arbor, MI, remains the leader in pizza delivery; its 1988 sales of $2.3 billion garnered Domino's an estimated 50% share of the pizza delivery market. The 5,100-unit chain's focus remains firmly and narrowly trained on opening more delivery units—currently at the rate of two stores per day, 50 per month, according to Kerry McNulty, media relations manager.

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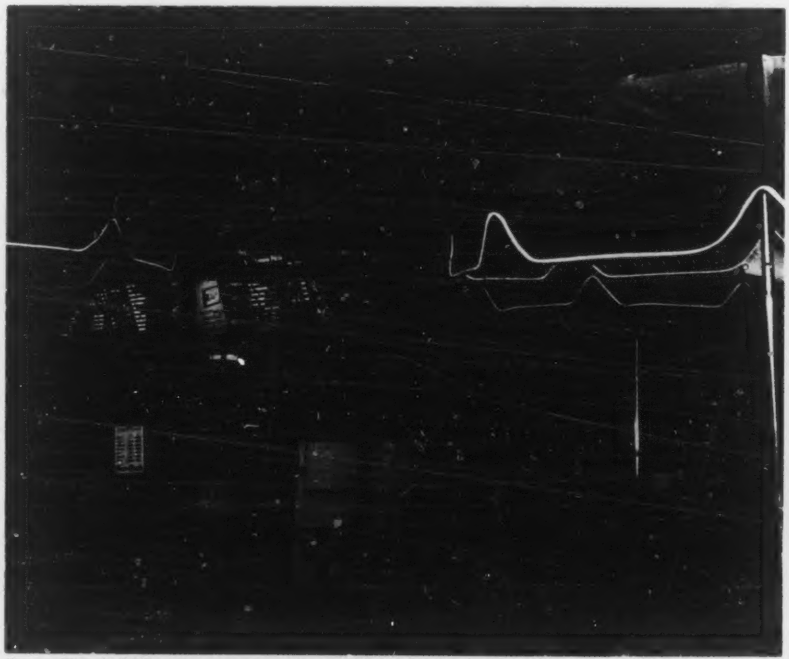

Papa Gino's 217 restaurants are located in New York, New Jersey, and Florida; 12 to 15 new units are scheduled to open in 1990.

MARKET SEGMENT REPORT

PIZZA

Domino's will also adhere to its guaranteed 30-minute delivery policy, despite coming under fire for unsafe driving. The thrust of the company's efforts is to increase the safety of deliveries with new training courses and videos for its drivers. The firm's marketing is likewise concentrated on underscoring the importance to the company and its drivers of "safety first." That's new president David Black's message, which is now appearing on box toppers and in print advertising.

Last year Domino's introduced deep-dish pizza. While the pan pizza introduction—the company's first new product in its 29-year history—was "astronomically" successful, McNulty says it will not be followed by other introductions.

Little Caesar Enterprises, Farmington Hills, MI, also plans to keep things simple—by sticking with its carry-out-only format and its two-for-one-low price deal.

"We used to deliver, for some 10 or 12 years," notes Lisa Ilitch Murray, vice president of corporate communications. "We feel carry-out is where we want to be, that we should spend our money to insure food quality instead of on labor for delivery."

The firm is versed in operating other restaurant formats, however; most noteworthy is its April 1989 acquisition of the full-service pizza restaurant chain, Mother's. The 86-unit Mother's joins with Little Caesars' 57 Canadian outlets to make Little Caesars the dominant force in that pizza market.

Like Domino's, Little Caesars is also incorporating its two recent forays into deep-dish products. Pan! Pan! pizza was launched in October 1988, and was joined by the single-serving-size Baby Pan! Pan! in June 1989.

STREAMLINING. As the top three chains have feverishly expanded, a number of smaller chains have experienced their own growing pains. At press time, Pantera's Corp. was readying to file Chapter XI. Godfather's and Shakey's are rebuilding under new management; ShowBiz Pizza Time has restructured following a spinoff from its parent company.

Godfather's Pizza
Godfather's Pizza
Godfather's Pizza
Godfather's Pizza
HOT SLICE
HOT SLICE
Godfather's Pizza
Godfather's
Godfather's Pizza

As a competitive strategy, Godfather's offers a wide variety of pizzas, toppings, and crusts, plus an all-you-can eat buffet, dessert pizzas, and salad bar.

Pantera's Corp., Dallas, TX, has had a difficult time swallowing its 1987 acquisition of Pizza Inn, a chain with three times the units and 10 times the volume of its new parent.

The $48 million purchase boosted Pantera's to the fourth-ranking pizza chain, with a total of 800 units. Since then it has struggled with its debt and sold or closed stores, leaving a total of about 660. At press time, its lenders had called in debts of $35.5 million.

Godfather's Pizza has had more time to get back on its feet in the year since its leveraged buyout from Pillsbury. The chain has cut its combination eat-in/take-out/delivery units back to 523, thereby also cutting systemwide sales in 1989 by about 3.5% to $236 million, according to Steve Frisbie.

The pizza chains are enjoying increases in customer traffic of 11%.

"We're not playing a numbers game; we're focusing on fine-tuning the system, eliminating unprofitable units, and concentrating on consistency, quality, and per-unit profitability," he says.

And although the firm is simplifying its procedures, it is maintaining its diverse menu. "We have a wide variety of pizzas, toppings, and crusts, plus an all-you-can eat buffet, dessert pizzas, and salad bar—and we feel we must offer it all to be competitive," Frisbie says.

ShowBiz Pizza Time, the Irving, TX-based operator of Chuck E. Cheese and ShowBiz Pizza Place restaurants, has also endured a series of ups and downs throughout the '80s, coming close to

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bankruptcy in 1986. But the company is rebuilding, following its spin-off from hotel operator INTEGRA last year.

UNIQUE NICHE. ShowBiz carves its niche in the market with an emphasis on family entertainment; as much as 25% of its sales are derived from its games and rides, according to Mike Magusiak, chief financial officer. However, ShowBiz's focus on the teen market with video games in the early '80s left it vulnerable when the video trend cooled several years later; the repositioning of its entertainment areas to target two- to 12-year-olds is a key to the family restaurant's future.

"Remodeling, adding new games and rides, and opening up the walls so parents can watch, have all been important to increasing comparable store sales," says Magusiak. "Remodeled units have led to incremental increases of 8% to 10% above the trend."

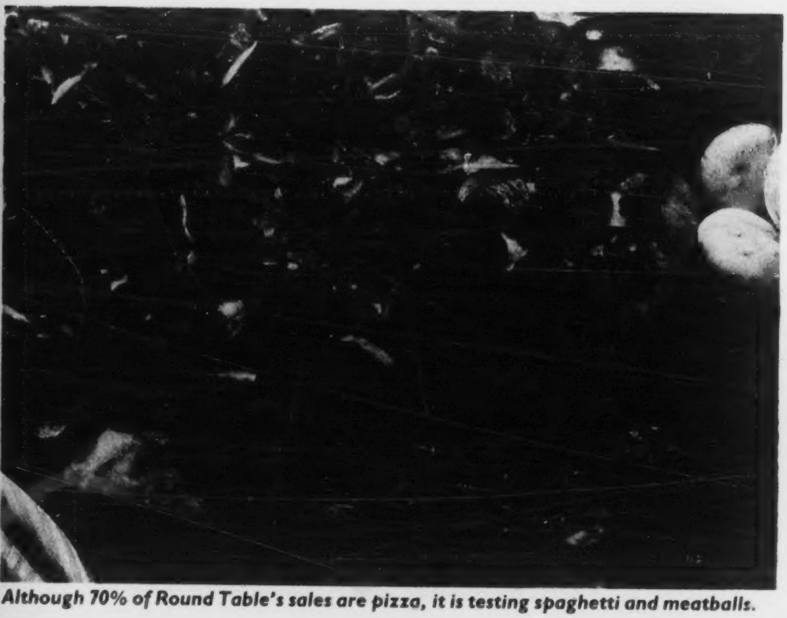
The spinoff from INTEGRA was integral to the remodeling efforts as it decreased overhead and increased the cash available to pour back into the stores, Magusiak says. And though 1989 has been a lean year for expansion, as ShowBiz paid out its former parent, the company now plans for 10% unit growth with company-owned stores (which currently number 130). The first two units are due to open in December or January. Another six units are expected to join the 128 existing franchised stores, Magusiak says.

Shakey's, which claims to be the country's oldest pizza franchise, is likewise positioning for a comeback under its new president, Gene Stone, and its new parent, Singapore's Inno-Pacific Holdings. Stone returns to the firm from Skipper's; he was Shakey's vice president of operations and franchising from 1960 to 1969. Inno-Pacific acquired the Irving, TX-based firm early this year.

NEW STRATEGY. Though its numbers have been whittled to 342 units from more than 500 in the early 1970s, Shakey's is set to recapture its share by reversing its recent strategy and opening company-owned stores, Stone says. Over the past five years, Shakey's eliminated all but one such unit.

"Despite our problems, we have lasted 35 years, which shows just how durable this concept is," Stone says. "We believe we can operate these units profitably, and we can play on our strengths—our name and our history." In established markets such as Sacramento, CA, Shakey's has a 70% unaided brand awarenesss, he says.

On-premise consumption of pizza has flattened.



Although 70% of Round Table's sales are pizza, it is testing spaghetti and meatballs.

The first company-owned Shakey's is slated to open in Los Angeles by February 1990, to be joined by three or four more that year, and followed by 20 to 40 openings over the next three to five years. Development will concentrate on current markets, which include strongholds in L.A., Sacramento, and Seattle, and units in 18 states from Wyoming to Virginia.

While Shakey's explores company-owned stores, Papa Gino's, the privately held, Dedham, MA-based chain, intends to battle the growing competition by entering the franchise market for the first time in its 25-year history.

Papa Gino's 217 restaurants are located in New York, New Jersey, and Florida. The company is looking for multi-unit franchisees to further develop those markets, as well as grow the chain all along the East Coast. Company-owned store expansion will also continue: 12 to 15 units are scheduled to open in 1990.

Papa Gino's competitive advantage lies not only in its history of successful operations, says president Ralph Guarino, but also in its varied menu, which includes pasta, submarines, salads, and desserts. "Pizza accounts for 52% of our sales, which indicates the strength of the rest of our menu. The pizza market will have to flatten at some point, and we're well positioned for when it does."

Another advantage of the company's formula is that it offers eat-in, take-out,

TOP FIVE PIZZA CHAINS

	Units	1988 Sales
PIZZA HUT	5,800	$2.8 billion
DOMINO'S	4,893	2.3 billion
LITTLE CAESAR	2,180	908.0 million
GODFATHER'S	580	245.0 million
ROUND TABLE	530	267.0 million

and, as of this year, delivery. In the 16 units to which it has been added, delivery has boosted unit sales by 20% to 30%. Delivery will be rolled out in 50 to 100 more units in the coming year.

Like Papa Gino's, Round Table Pizza feels compelled to strike out in new directions. "There's no question that the influx of the big boys from the east has had an impact, and in a market that gives the consumer choices, you have got to make an effort to keep up," says communications manager Doug Rice.

The 100% franchised, San Francisco-based chain has looked to delivery to combat the encroachment of the national chains in its western markets. "Almost 50% of the system now delivers,

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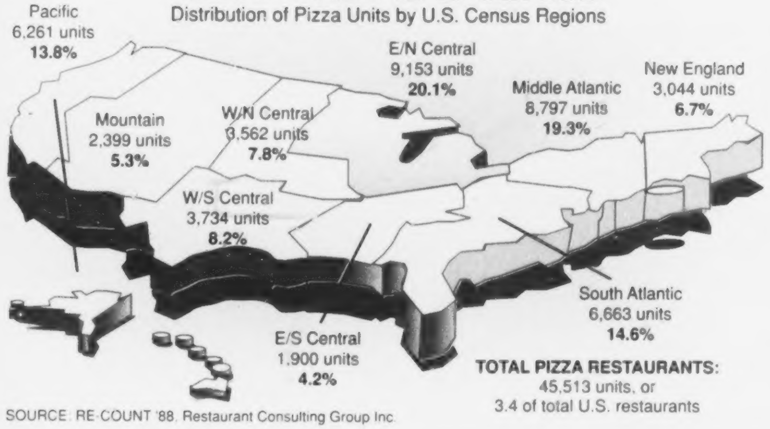
Look
who ran away
with the fork,
the knife
and the spoon.

Campbell

HOW THE PIE IS SLICED

Distribution of Pizza Units by U.S. Census Regions


Pacific
6,261 units
13.8%
E/N Central
9,153 units
20.1%
Middle Atlantic
8,797 units
19.3%
New England
3,044 units
6.7%
Mountain
2,399 units
5.3%
W/N Central
3,562 units
7.8%
W/S Central
3,734 units
8.2%
South Atlantic
6,663 units
14.6%
E/S Central
1,900 units
4.2%

TOTAL PIZZA RESTAURANTS:
45,513 units, or
3.4 of total U.S. restaurants

SOURCE: RE-COUNT '88, Restaurant Consulting Group Inc.

and almost none of the stores did 18 months ago," says Rice. "We hope the bulk of the system will be delivering by next year." In the units that offer delivery, it now accounts for 25% of sales, and the sales are incremental.

Another focus has been on remodeling, to lighten up what Rice calls Round Table's traditional "King Arthur dungeon look." Light woods, more windows, and a single order counter help create an open, family dining environment, he says. The firm is also experimenting with table service and self-serve beverage bars. On average, sales have increased 15% following a remodeling, Rice says.

Although 70% of Round Table's sales are pizza, it is currently testing two

Campbell. We're zesty.

All-natural Prego® spaghetti sauces. The flavor bursts through. With spices you can see and a zesty tomato taste. A long-time favorite of consumers, Prego sauces are now packed in labor-saving, shelf-stable #10-size pouches. So you can have the convenience of a prepared sauce with hearty, premise-made taste. Choose from Prego Spaghetti Sauce and Prego No Salt Added Spaghetti Sauce, to spice things up a bit.

Prego®

Campbell

For more information circle number 200

versions of a spaghetti and meatballs dish to add to its menu, which also includes calzones and sandwiches.

NO DISCOUNTING. One thing that the chain will continue to avoid is discounting. "We base our reputation on quality," says Rice. "And when you're using only top-of-the-line ingredients, discounts can really hurt."

Mazzio's similarly stays away from the discounting game; the upscale pizza parlor chain's strategy is to emphasize the quality of its product.

"Our comparative TV campaign tells the story," says Greg Lippert. "The amount of meat and cheese on our pizza is what makes the difference for us." The Mazzio's three-pounder, its large, five-topping combo pie, tips the scales by three-quarters of a pound more than the next heaviest pie offered by the competition, he says. Another product differentiation is the oat bran now incorporated into all of Mazzio's deep-dish pizza crusts.

Mazzio's premium positioning, plus the pasta dishes introduced three years ago, should capture the 35-and-up market, Lippert says. Pizza continues to account for 70% of sales.

The chain intends to open only free-standing Mazzio's units, 80% of which have drive-thru windows, and 60% of which deliver. Last year, to streamline its marketing efforts, the firm converted its 15 Scooter's delivery outlets to Mazzio's delivery units. But the company plans to continue to operate 77 units doing business as Ken's.

LOCAL LOYALTY. "We haven't built a new Ken's in nine years, but they have real loyalty in certain markets, so we decided not to convert them all," Lippert says. A total of 289 units systemwide combined for sales of $133 million this year.

Breadeaux Pisa is a young company that is carving out its sales with a different product and a streamlined franchise operation. In five years it has grown to 105 units. This spring, it began to gear up for future growth with the relocation of its headquarters from Iowa to St Joseph, MO.

"When I started this business, I knew that the last thing the world

continued on page 126

Campbell. We're robust.

Chef's Kettle™ sauces are made year-round with frozen tomato paste made from fresh tomatoes. So you'll get a rich red color and a robust tomato taste. Unlike the taste you'd get from other sauces which are made once a year and age in the can. Choose from Deluxe Spaghetti Sauce, Traditional Spaghetti Sauce, Deluxe Pizza Sauce or Extra Thick Pizza Sauce with Basil. All in shelf-stable, labor-saving # 10-size pouches. For a fresher taste than you'd find in a can.

Chef's Kettle®

Campbell

For more information circle number 201

needed was another pizza place," says Jim Larkin, founder and president. "I knew I couldn't compete with Pizza Hut on its terms, so I created a format based on a small investment and high quality." Those food costs have now come down from 40% to 31% as the chain increased its economies of scale.

The product is based on a French bread dough crust, and is available in a hand-tossed style only. A double-crust pizza and a pocket pizza round out the line. Specialty toppings include taco, BLT, and bratwurst, Dijon mustard, and sauerkraut.

Breadeaux offers its standard pizza on a two-for-one-price basis every day. Prices range from $5.95 for two small pies to $12.95 for two basic pies (cheese plus one topping). About 40% of the sales are garnered by the Breadeaux specials: two 12-in. pizzas with four toppings for $17.95.

GOURMET PIZZA. A growing group of players is differentiating itself from the major chains by offering high-quality or specialized pizza; the product tends to command higher prices, and the operators may thereby avoid discounting. "Gourmet pizza is no longer a trend; it's a fact of life," says *Pizza Today*'s Lorton.

California Pizza Kitchen could be credited with popularizing gourmet pizza. The Los Angeles-based company, founded by former lawyers Rick Rosenfield and Larry Flax in 1984, serves up

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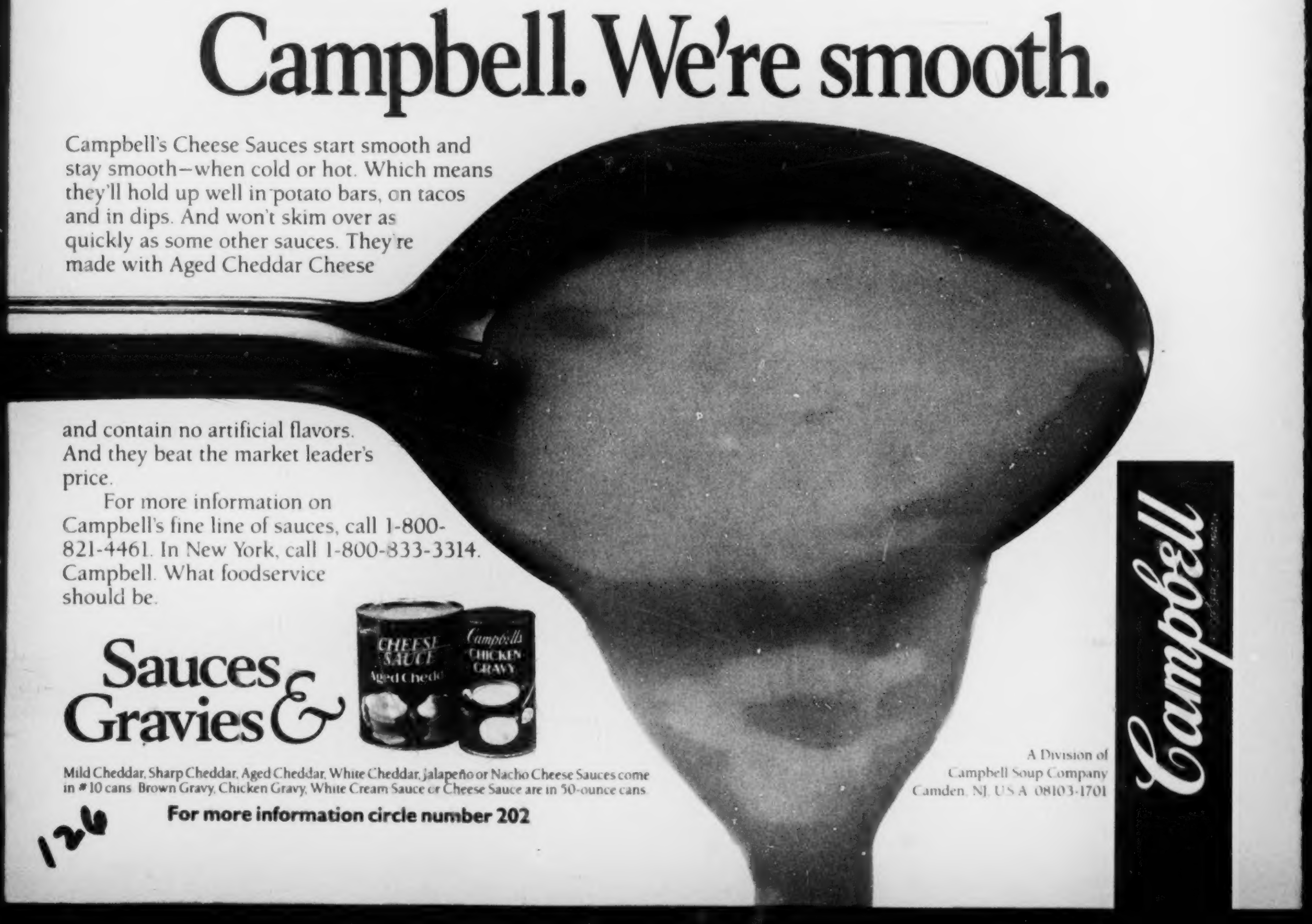
Market leader Pizza Hut has plans to double its domestic units to a staggering 12,000 by 1993.



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For more information on Campbell's fine line of sauces, call 1-800-821-4461. In New York, call 1-800-833-3314. Campbell. What foodservice should be.

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Mild Cheddar, Sharp Cheddar, Aged Cheddar, White Cheddar, Jalapeño or Nacho Cheese Sauces come in #10 cans. Brown Gravy, Chicken Gravy, White Cream Sauce or Cheese Sauce are in 50-ounce cans.

A Division of
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For more information circle number 202

28 varieties of pizzas from its wood-burning ovens. Toppings include goat cheese, duck sausage, and its best-selling barbecued chicken. The average check is $10.

The upscale, nine-unit chain is poised to bring its California-style product to new markets both in this country and abroad, the result of a joint venture with McLean, VA's Vie de France bakery and cafe chain, and the latter's parent company, Grands Moulins de Paris.

Edwardo's Natural Pizza Restaurants, Chicago, IL, has set its 19 units apart from the competition not only with all-natural ingredients, but with Edwardo's specialty, stuffed pizza. The 3-in. deep, soufflé-style pie and an upscale, full-service setting have combined for average gross annual sales per unit of $950,000. The chain also has recently added an oat-bran pizza with toppings that include broccoli pesto and spinach. Other menu selections include super-thin-crust "light" pizza and a variety of pastas and salads.

NETWORK OF INDEPENDENTS. Independent operators, too, are looking for ways to fight back, as their share of the market is eroded by the chains. So far, 1,500 operators have banded together under the auspices of the U.S. Pizza Network (USPN), a cooperative formed 18 months ago by former pizzeria operator Michael Piancone.

A $300 annual fee entitles USPN members to savings on supplies ranging from boxes to flour. Future goals include the creation of a cooperative pool of resources for an advertising campaign and the distribution of credit cards for use at members' stores.

"Ten years ago, I couldn't have done this," says Piancone. "But now the big guys are creating a panic. The independents are realizing that products, service, and the value of their names isn't enough. They have to do whatever it takes to succeed—but they can't do it by themselves."

The independent pizza operator may be in for a fight, but even Piancone says that the competition hasn't been all bad. "With all of the chains' advertising and promotions, they've created more awareness and grown the market for everybody." ■

The Hot & Spicy Explosion

BY SCOTT ALLMENDINGER

Americans are demanding more flavor on their forks these days, so operators are titillating customers' taste buds with an array of innovative and spicy dishes.

The trend toward tastiness is highly evident: The average American consumes 2.7 lb. of spices annually, an increase of 35% over the last decade, according to the New York City-based American Spice Trade Association. Total spice consumption in 1988 was 640.7 million lb. The three spices consumed in highest volume are mustard seeds (99.2 million lb.); sesame seeds (73.0 million lb.); and black and white pepper (50.3 million lb.).

And fortunately for operators, the number of flavorful domestic and international ingredients available to them seems to be growing daily. To help fuel the fire in the kitchen, chile peppers, which have taken on a new importance in recent years, are now available fresh and dried, in powders and pastes, to suit nearly every occasion. In addition, other high-flavor ingredients abound, such as garlic, vinegars, flavored oils, and assertive cheeses.

"World fare" and "melting pot cuisine" are the terms Joe Leis, owner of the Avenue Grill in Mill Valley, CA, often uses to describe spicy menu items such as chicken satay with peanut sauce and marinated cucumbers ($6.25); peppery prawns sautéed in wine, garlic, and Cajun spices ($8.50); and five-spiced blackened tuna sashimi with wasabi mayonnaise ($6.75).

Irvine, CA-based El Torito has a new prototype restaurant that utilizes a full arsenal of fiery and full-flavored ingredients. Caliente (which means "hot" in Spanish) is a 264-seat, nine-month-old concept with average checks of $5 to $7 at lunch and $8 to $10 at dinner. Rather than the regional Mexican flair of El Torito Grills, Caliente specializes in southwestern food. *Pasilla* and *gual-*

PHOTOGRAPHY BY DON KUSHNICK FOODSTYLING BY KATHLEEN KENNY SANDERSON

Tex-Mex muffins, with peppers, sausage, and cheese, may be served with chile butter for extra flavor.

MENU IDEAS

lijo peppers are the main sources of spiciness. But other strong flavors are incorporated as well, such as the garlic butter on shrimp fajitas and aged cheese on mesquite-grilled chile rellenos. "Fire-roasted" onions are onion rings that are grilled and brushed with *achiote* pepper paste. Heat levels are medium, says a company spokesperson, attracting a clientele that is "90% Anglo."

HOT AND FAST. Hot and spicy foods are turning up at breakfast and on fast-food fixings bars, too. Oak Brook, IL-based McDonald's is testing Mexican breakfast burritos. And at Taco Cabana in San Antonio, TX, guests help themselves to fixings that include *pico de gallo*, jalapeño peppers, onions, and cilantro.

TEX-MEX MUFFINS

(pictured on opening page)

- 2 cups flour
- 2 cups cornmeal
- 2 tsp. baking powder
- 1 tsp. baking soda
- 1 tsp. salt
- 2 eggs
- ⅓ cup sugar
- 2 cups buttermilk
- ½ cup oil
- 1 cup diced red pepper
- 1 cup diced green pepper
- 1 jalapeño pepper, minced
- 8 oz. chorizo or smoked sausage, cooked and crumbled
- 2 cups cheddar cheese, shredded
- Shortening, for greasing tins

1. Preheat oven to 400°F. Combine flour, cornmeal, baking powder, baking soda, and salt. Set aside.

2. In a separate bowl, combine eggs and sugar, and mix well. Whisk in buttermilk and oil, blending thoroughly. Add wet ingredients to dry. Mix gently. Fold in peppers, chorizo, and cheese.

3. Pour batter into 12 well-greased large muffin tins. Bake for 18-20 min. Serve muffins with chili butter.

(Yield: 12 muffins)

CHILI BUTTER

- ½ lb. butter, softened
- 1½ tbsp. chili powder

Combine butter and chili powder. Mix well. Pipe butter into small plastic containers. Refrigerate until ready to serve.

Traditionally conservative hotel dining rooms are also capitalizing on the flavor trend, hoping to coax back diners either bored or intimidated by traditional fare. The Drake Hotel in Chicago, a property of Vista International, spiced up September with a month-long "Some Like it Hot" promotion. The hotel's four restaurants featured "Southwestern-Cajun" cuisine, including dishes such as Cajun seafood salad with crisp greens, fresh mint, and avocado-oil vinaigrette; stuffed soft-shell crab piquant with Cajun béarnaise; and Tex-Mex quesadillas with red chile sauce.

Don Gerald Jr., vice president and district manager of Baton Rouge, LA-based Ralph & Kacoo's, credits the Cajun phenomenon with raising the public's threshold of tolerance for spicy food. "The Cajun craze did entice people to try different things and experience different tastes," says Gerald.

He is quick to point out, however, that Ralph & Kacoo's are Louisiana seafood houses rather than Cajun restaurants. People tend to associate Cajun cooking with searingly hot dishes, Gerald feels, and ignore the other foundations of the Louisiana cooking: white and green onions, garlic, green bell peppers, and celery. Of course, pepper plays a role, he adds, but it is likely to be white and black as well as red. Ralph & Kacoo's Louisiana classics include shrimp remoulade ($7.25); and crawfish étouffée ($10.95).

Gerald objects to heavy-handed seasoning because it overpowers food. "It is imperative to have the freshest product available," he says, "and you want to enhance it with spices—not hide it.

"As the market gets more sophisticated, assertive flavors begin to emerge, but you must complement rather than drown the base product you're working with," says Erwin Drechsler, chef/owner of Metropolis 1800 in Chicago. Drechsler believes that customers are looking for simpler presentations. "People want their food to look like food." An eclectic restaurant that offers American fare, Metropolis 1800 combines many tastes from different cultures. The menu offers such items as a salad of roasted sea scallops with buckwheat noodles, asparagus, and sake-sesame sauce ($6); and sautéed soft-shell crabs with wasabi coleslaw and shoestring yams ($16).

HOT SPICES

Largest increase in consumption, 1978-1988:

Basil	327%	Cardamom	114%
Fennel	255	Oregano	103
Anise	216	Thyme	100
Rosemary	208		

Source: American Spice Trade Assn.

MIXED PEDIGREE. Like Drechsler, chef/owner Alain Grizard of Nectarine in Santa Fe, NM, feels that well-defined flavors lead to simpler food. But while the food on the plate may be less complex, the pedigree is certainly convoluted: Grizard defines his style as "California, mixed with Mediterranean and Southwestern." In addition, he likes to "play with the interesting colors, tastes, and textures of Japanese and Thai cuisines." Popular signature dishes at Nectarine are grilled Hawaiian tuna with fresh pineapple and red bell pepper salsa ($14.95); and saffron mussel soup with garlic croutons and a romanesco sauce ($3.50).

One of the groundbreaking restaurants of the hot and spicy invasion has been Routh Street Café in Dallas. Since chef and co-owner Stephan Pyles first helped to make "chile" a household word, he and partner John Dayton have spread the gospel to Minneapolis with the casual, $14-check-average restaurant Tejas (Spanish for Texas) and the pricier Goodfellow's (for more on Goodfellow's, see "Chef's Art," p.168).

In opening Tejas, executive chef Mark Haugen discovered that although customers are looking for more flavor, they still need to be "eased in" to unfamiliar foods and combinations. "People must be led to try things," says Haugen. "That means being as explicit as possible when writing out the menu.

Patrons want to be told exactly what the style is and what ingredients they should expect." Daily cover counts ranging from 600 to 800 and annual sales of $2.5 million reveal that the formula has paid off for Haugen, Pyles, and Dayton.

Haugen draws "inspiration from around the world," but his favorite ingredients are dried chiles and his personal blend of spices. The most successful dishes he says, spring from a juxtaposition of different, pronounced flavors, such as tamarind with Mexican mint marigold. Spicy favorites at Tejas include: chorizo tamale with spicy corn salsa and tomatillo chutney ($5); and grilled lamb loin chops with Mexican spices, garlic cream, and sweet potato empañadas ($13.50).

Rox Sand Scocos, chef/owner of Rox Sand in Phoenix, agrees that spicing up a menu can be risky unless you know your customers' tastes. "Fortunately, our clientele comes here knowing that they'll be trying really different things," she says. "The age factor of the customer has something to do with it. Our customers are between 30 and 55. It's a sophisticated clientele, and the food excludes those who aren't adventurous."

Scocos has also found that balancing fiery dishes with a cooling element helps. Jamaican-style jerk rabbit, for example, is served with crème fraîche, blue cornbread, and grilled vegetables ($17.95). Another favorite is Mongolian beef with corn tortillas, roasted red peppers, and crème fraîche ($8.95). One signature item is a pizza called Perez del Valle (named after a dishwasher), which can be ordered in different degrees of spiciness, or "temperature." Perez del Valle features roma tomatoes and chiles on black-bean puree, with gruyère and provolone ($8.50).

FLAVOR AND CHOICE. Customers are beginning to take an active part in knowing what kinds of flavors they enjoy. Not only do they want more intense flavor, but they want it in a variety of dishes, as well. According to Karen Willison, marketing manager of Bay Street Restaurants based in Dallas, TX, "People want to experience more interesting foods, but at the same time you must appeal to a broad base of tastes. This means that you offer an item like shrimp spiced in a variety of ways." Shrimp, Shrimp, Shrimp is a Bay Street specialty that teams blackened shrimp with fried shrimp and scampi preparations ($12.95). The chicken sampler features lemon-marinated and blackened versions ($8.95). According to Willison, "There's a definite trend for more mixtures of flavor profiles. Single-service items are out; combinations are coming in."

Additional recipes are available for free. For your convenience, we invite you to use the "Letter to the Editor" postcard in the back of the issue. Please label requests "Hot & Spicy."

A • MENU • SAMPLER

The following is a selection of notable hot and spicy dishes offered by restaurants around the country.

MELANGE
Wilmette, IL

JAMAICAN YOGURT SOUP ***$3.50***
Served with fresh fruit, honey, and homemade granola

SALMON RAVIOLI ***$7.25***
Served with tomato pasta and fresh sorrel sauce

METROPOLIS 1800
Chicago, IL

HOMEMADE FETTUCCINE ***$8.00***
Served with shrimp, spinach, pine nuts, and lemon-garlic oil

GRILLED HALIBUT ***$15.00***
Served with roasted red pepper-basil mayonnaise, bulgur, and cucumber salad

BAY STREET RESTAURANT
Dallas, TX

CRAWFISH ETOUFFEE ***$3.25***
Crawfish tails smothered in a spicy sauce and served with rice

BBQ SWORDFISH SANDWICH ***$6.45***
Charbroiled swordfish steak with barbecue and sautéed onions

TEJAS
Minneapolis, MN

SMOKED TURKEY BREAST ***$6.00***
Served with mixed greens, fried cayenne pasta, and apple-pecan dressing

JICAMA SALAD ***$4.50***
Served with endive and tequila-orange vinaigrette

BLACK AND WHITE BEAN SOUP ***$3.25***
Served with red jalapeño cream

KOUSKOOZ
Phoenix, AZ

BAKED GOAT CHEESE ***$6.95***
Served with tomato-mint salsa, black beans, and toasted pita chips

ROX SAND
Phoenix, AZ

GRILLED LAMB MERQUEZ ***$8.25***
Served with curried eggplant and turmeric pasta

BAKED SNAPPER ***$8.50***
Served with Szechuan black bean sauce and *kim chee*

JERKED SHRIMP RASTA PASTA ***$17.95***
Shrimp marinated in Jamaican jerk spice with multi-colored pasta

RICE TAMALES ***$8.95***
Filled with curried lamb

THE AVENUE GRILL
Mill Valley, CA

SUGAR REEF PRAWNS ***$15.95***
Sautéed with garlic and served on herbed pasta

GINGER SPRING ROLLS ***$5.95***
Served with hot honey mustard

PEPPERY PRAWNS ***$8.50***
Sautéed in wine, garlic, and Cajun spices

MARKET SEGMENT REPORT **SUB/SANDWICH** 193

C-1200 5

Restaurant Business

A BILL PUBLICATION

NOVEMBER 20, 1989

SHONEY'S
Dairy Queen
Wendy's
&W
GRILL
EL TORITO

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RESTAURANT BUSINESS

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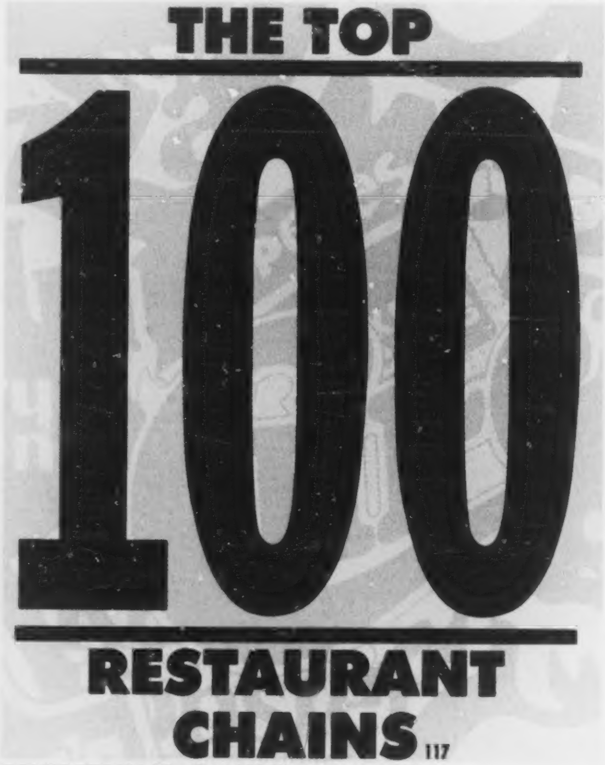

COVER STORY: ***The Top 100 Chains, page 117.***

MENU IDEAS: ***Pantry of the '90s, page 185.***

COVER STORY

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CHEF'S ART **DAVID SCHY.** Chef Schy's cross-cultural beef sashimi combines Japanese and Mexican ingredients to create this favorite at Hat Dance in Chicago...... **190**

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INDEPENDENT STARS **SFUZZI.** This moderately priced Italian concept serves fun food to an upscale crowd in an informal atmosphere **94**

INDEPENDENT STARS **JIMMY'S PLACE.** Owner Jimmy Rohr presides over this Chicago establishment where he weaves classic French techniques and Asian concepts and ingredients **102**

FOOD COURTS **GREAT STEAK & FRY CO.** This cheesesteak sandwich chain finds success and higher-than-average volumes in shopping mall locations **110**

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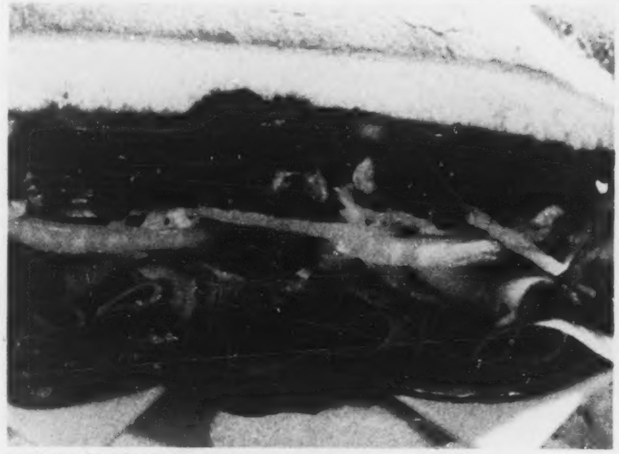
REPRINTS, REPORTS AVAILABLE

Restaurant Business now has available reprints of the **1989 RESTAURANT GROWTH INDEX** and the **1989 MAJOR FORCES IN FRANCHISING**. The reprints are $5 per copy. Direct inquiries to: Editor Peter Berlinski, *Restaurant Business*, 633 Third Ave., New York, NY 10017.

Results of the *Restaurant Business*/Deutsch, Shea & Evans exclusive Management **CAREER SURVEY** were published in the October 10 and November 1 issues of *Restaurant Business*. The full text of the 40-page report is now available for $45. Direct inquiries to: David Warhaftig, DS&E, 485 Fifth Ave., New York, NY (212) 687-8100.



MARKET SEGMENT REPORT: ***Sandwich, page 193.***

IN THE NEXT ISSUE

COVER STORY

PRESIDENTS FORECAST

At the 8th annual roundtable discussion, *Restaurant Business* once again gathered a group of top foodservice industry CEOs to address: The 1990s—Boom or Bust? Participants engaged in a lively discussion of the U.S. economic outlook, restaurant trends, and government regulations. We will publish a report on the highlights of this forum.

MENU IDEAS

DESSERTS

This issue features the all-American confections of Bob Kinkead, chef/owner of 21 Federal Restaurants in Washington, DC, and Nantucket, MA.

MARKET SEGMENT REPORT

FAMILY RESTAURANTS

With the emphasis on price/value an ever-increasing concern, players in this segment continue to offer table service and full portions at very moderate prices. Service tends to be quicker than in more upscale theme concepts, but is still slower than in fast food. Operators are finding competition from all dayparts and segments, but rising senior and family populations help these operators keep their patron base.

DRAFTS, CARAFES & SPIRITS

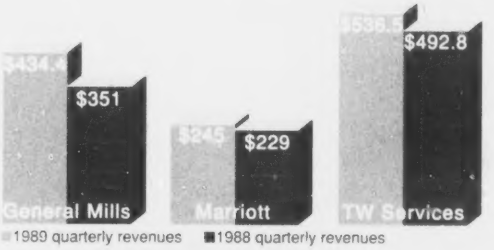
WHISKIES WITH STYLE

These liquors are still an enormous category despite soft sales in recent years—particularly superpremium whiskies such as single malt Scotch and prestige brands of Bourbon, Irish, and Canadian whiskey.

THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER

DIVERSIFIED PUBLIC COMPANIES
2nd Quarter Results (In Millions)



Public Companies Up

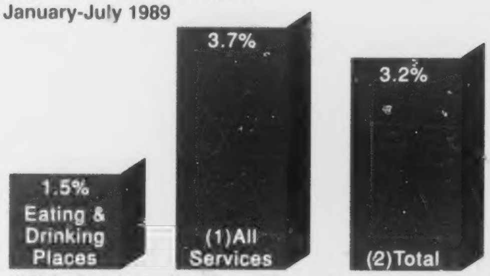
TW Services—in its last quarterly report as a publicly held firm—showed revenues from restaurant operations up 8.9%, to $536.5 million, for the quarter ending June 31. Net income is estimated to have jumped 18.5%, to $22.34 million, in the same period. TW Services' restaurants include Denny's, El Pollo Loco, Quincy's Family Steakhouse, and 400-plus franchised Hardee's locations.

General Mills Restaurant Group's revenue jumped 23% to $434.3 million for the quarter ending in July, due to increased traffic at Red Lobster and new Olive Garden units. Similarly, net income is estimated to have risen 29%, to $22.8 million.

Marriot's restaurant holdings, which include Roy Rogers, Big Boy, Wags and Allie's, notched revenue of $245 million, up 7%. Net income, however, lagged behind revenue growth, increasing just 3.2% to about $11.2 million.

SOURCE: Company Quarterly Reports, Technomic Inc.

GROWTH IN EMPLOYMENT
January-July 1989



(1) All Service Industries Net of Eating & Drinking Places.
(2) Total Non-Agricultural Employment.

Employment Growth Slow

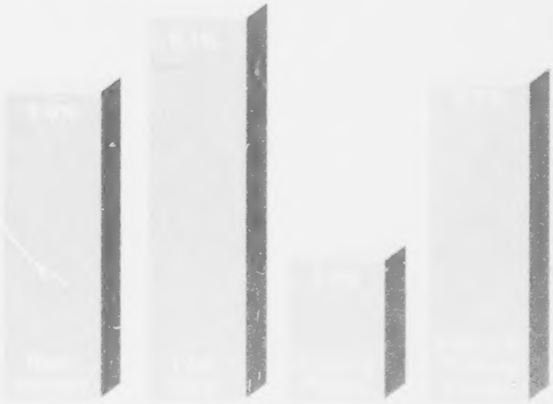
Employment at Eating and Drinking Places (E&DPs) has grown only 1.5% through the first seven months of 1989 compared with the year-ago period. Eating and Drinking Places employed 6.53 million in July 1989, as compared with 6.44 million in July 1988. In contrast, growth in all service industries excluding E&DPs jumped 3.7%, while total nonagricultural employment has risen 3.2%, according to the Bureau of Labor Statistics.

Part of the slower employment growth in E&DPs can be attributed to slower real growth (2.0%) in the industry versus 2.8% for gross national product, the key indicator of overall economic growth.

However, the magnitude of the differential in employment growth also suggests that E&DP operators are finding it increasingly difficult to attract new labor.

SOURCE: Bureau of Labor Statistics

GROWTH IN RETAIL SALES
January-July 1989



Fast Food Surges

Total retail sales for Eating and Drinking Places reached $80.26 billion in the first six months of 1989—up 6.7% over the same period in 1988. With the consumer price index for Food Away From Home at 4.6%, Eating and Drinking Places has had a real growth of 2.0%.

Fast food has accounted for much of the growth, with retail sales through June surging to $31.26 billion—an 8.1% increase, for a real; growth of 3.3%. Restaurants have had relatively modest growth of 1.9% in real terms, while Drinking Places continue to face hard times. Retail sales climbed only 2.9% at Drinking Places during the first half of the year, representing a 1.6% drop in the real growth rate.

SOURCE: U.S. Census Bureau

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RESTAURANT BUSINESS **COVER STORY**

THE TOP 100 RESTAURANT CHAINS

Restaurant Business is proud to present our second annual Top 100 report. This definitive chain analysis is the only comprehensive compilation of company source data. One hundred chains are ranked by 1988 U.S. systemwide sales and units.

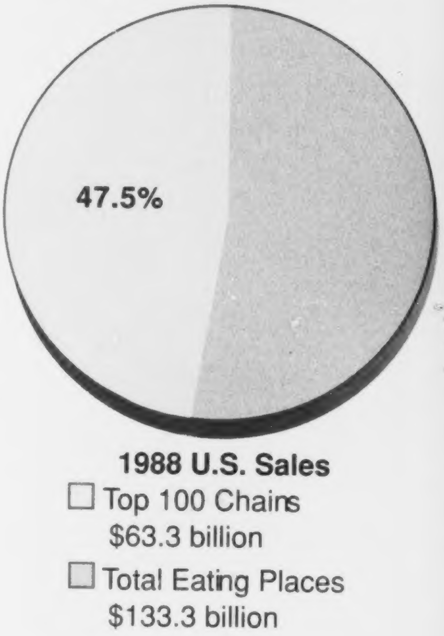
Once again, the Top 100 study offers a revealing picture of the leading restaurant chains in the U.S. This report is an exclusive compilation of statistical data prepared especially for *Restaurant Business* by Technomic; the report also includes 100 company profiles written by *RB* staff members.

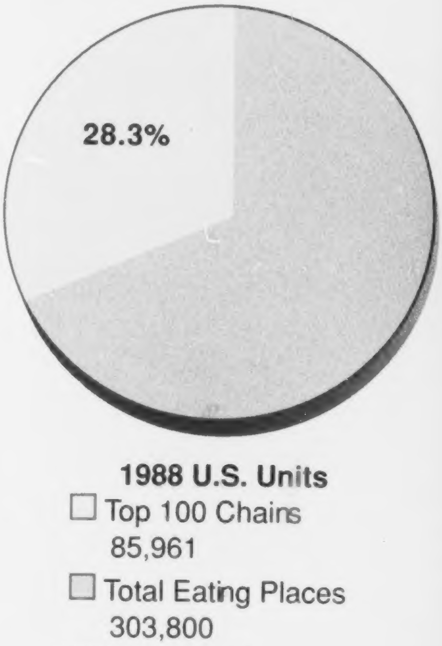
In 1988, total separate eating and drinking place sales rose 3.2% in real terms to $133.289 billion. Like last year, McDonald's Corp. led the way, in both 1988 sales and units, with $11,380,212,000 and 7,907 units. Pizza Hut switched ranks with Wendy's and is now in fourth place; Wendy's dropped in ranking to number six. Burger King remained number two, Kentucky Fried Chicken held its third-place slot, and Hardee's is once again the fifth-ranking chain.

Notable growth spurts: Olive Garden experienced tremendous growth, with a 78.1% increase in sales; it leapt from 83 to a rank of 55. Proving that the public's appetite for sweets has not diminished, TCBY—last year ranked 87—moved up to 63, with a 73.3% sales increase. Likewise, Mrs. Fields shot up to 74th place, jumping from last year's spot of 93; the cookie chain enjoyed a 45.5% sales increase.

Orange Julius dropped out of the Top 100 this year, while newcomer J.B.'s Restaurants slid into the 100th spot.

TOP 100's SHARE OF MARKET





SOURCE: Technomic Inc. and *RB* Restaurant Growth Index

THE TOP 100 RESTAURANT CHAINS RANKED BY SALES AND UNITS

Sales Rank	Chain	U.S. Systems Sales ($000)		%Sales Change '87-'88	Avg. Unit Vol. ($000) 1988	U.S. System Units		%Unit Change '87-'88	Unit Rank
		1988	1987			1988	1987		
1	**MCDONALD'S**	$11,380,212	$10,576,266	7.6%	$1,600	7,907	7,567	4.5%	1
2	**BURGER KING**	4,943,576	4,777,004	3.5	984	5,212	4,884	6.7	3
3	**KENTUCKY FRIED CHICKEN**	2,900,000	2,700,000	7.4	597	4,899	4,814	1.8	4
4	**PIZZA HUT**	2,800,000	2,500,000	12.0	520	5,707	5,394	5.8	2
5	**HARDEE'S**	2,725,000	2,534,000	7.5	920	3,076	2,871	7.1	8
6	**WENDY'S**	2,690,000	2,627,899	2.4	759	3,521	3,601	(2.2)	7
7	**DOMINO'S PIZZA**	2,300,000	1,980,000	16.2	485	4,595	4,121	11.5	5
8	**INTL. DAIRY QUEEN**	1,900,000	1,630,000	16.6	408	4,556	4,422	3.0	6
9	**TACO BELL**	1,600,000	1,500,000	6.7	589	2,878	2,696	6.8	9
10	**DENNY'S**	1,268,000	1,194,600	6.1	1,100	1,234	1,167	5.7	17
11	**ARBY'S**	1,160,000	988,000	17.4	610	2,049	1,764	16.2	13
12	**RED LOBSTER**	1,140,000	1,050,000	8.6	2,700	430	397	8.3	45
13	**BIG BOY**	1,000,000	950,000*	5.3	990	950	950	0.0	21
14	**LITTLE CAESARS**	908,000	725,000	25.2	465	2,124	1,785	19.0	12
15	**SIZZLER**	790,000	705,400	12.0	1,500	588	542	8.5	32
16	**JACK IN THE BOX**	775,000	655,104	18.3	900	957	897	6.7	20
17	**LONG JOHN SILVER'S**	761,513	743,441	2.4	526	1,469	1,435	2.4	14
18	**SHONEY'S**	750,000*	677,000*	10.8	1,371	643	604	6.5	29
19	**PONDEROSA**	710,000*	699,731	1.5	1,060	686	690	(0.6)	25
20	**DUNKIN' DONUTS**	658,000	629,600	4.5	480	1,443	1,390	3.8	15
21	**ROY ROGERS**	630,000*	557,500*	13.0	1,100	609	556	9.5	30
22	**FRIENDLY RESTAURANTS**	600,000*	572,400*	4.8	710	848	842	0.7	22
23	**SUBWAY**	600,000	360,000	66.7	223	2,858	1,810	57.9	10
24	**BONANZA**	570,533	529,622	7.7	943	534	540	(1.1)	36
25	**CHURCH'S FRIED CHICKEN**	559,300	533,900*	4.8	376	1,281	1,422	(9.9)	16
26	**BENNIGAN'S**	500,000	455,000	9.9	2,300	222	211	5.2	63
27	**POPEYES FAMOUS FRIED CHICKEN**	485,000	445,000*	9.0	725	715	707	1.1	24
28	**CARL'S JR.**	480,574	399,327*	20.3	1,000	482	446	8.1	41
29	**BASKIN-ROBBINS**	475,000*	460,000*	3.3	195	2,449	2,511	(2.5)	11
30	**WESTERN SIZZLIN'**	448,000	468,000	(4.3)	774	579	598	(3.2)	33
31	**CHI-CHI'S**	422,892	425,000	(0.5)	2,173	192	205	(6.3)	72
32	**EL TORITO**	415,000*	400,000*	3.8	2,250	188	185	1.6	73
33	**GOLDEN CORRAL**	400,000*	381,000*	5.0	790	504	493	2.2	40
34	**TGI FRIDAY'S**	383,000	364,100	5.2	3,025	133	128	3.9	83
35	**PERKINS FAMILY RESTAURANTS**	375,022	343,715	9.1	1,230	341	334	2.1	51
36	**RAX**	355,777	366,015	(2.8)	699	520	526	(1.1)	38
37	**CAPTAIN D'S**	345,000	329,000	4.9	630	595	574	3.7	31
38	**SONIC INDUSTRIES**	341,000	306,000	11.4	356	985	953	3.4	19
39	**MORRISON'S FAMILY DINING**	319,200	300,000	6.4	1,900	168	158	6.3	74
40	**CHILI'S**	297,960	226,110	31.8	2,064	159	126	26.2	76
41	**PIZZA INN**	295,000*	285,000*	3.5	480	666	672	(0.9)	27
42	**INTL. HOUSE OF PANCAKES**	291,300	279,000	4.4	701	448	440	1.8	43
43	**BOB EVANS FARMS INC.**	285,526	249,191	14.6	1,400	221	194	13.9	64
44	**WHITE CASTLE**	282,720	282,631	0.0	1,235	235	229	2.6	60
45	**WHATABURGER RESTAURANTS**	272,000	210,000*	29.5	645	422	345	22.3	46
46	**FURR'S/BISHOP'S CAFETERIAS**	271,016	256,157	5.8	N/A	157	153	2.6	77
47	**ROUND TABLE PIZZA**	267,000	250,000	6.8	508	540	515	4.9	35
48	**LUBY'S CAFETERIAS**	264,000	239,000	10.5	2,360	117	108	8.3	89
49	**GROUND ROUND**	260,975	228,600	14.2	1,245	212	192	10.4	65
50	**SHOWBIZ PIZZA/CHUCK E. CHEESE**	260,924	239,055	9.1	990	258	262	(1.5)	57

* Technomic estimate
NOTE: Results are for the year ended December, 1988; data reflects domestic operations only

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THE TOP 100 RESTAURANT CHAINS RANKED BY SALES AND UNITS

Sales Rank	Chain	U.S. Systems Sales ($000) 1988	U.S. Systems Sales ($000) 1987	%Sales Change '87-'88	Avg. Unit Vol. ($000) 1988	U.S. System Units 1988	U.S. System Units 1987	%Unit Change '87-'88	Unit Rank
51	PICCADILLY CAFETERIAS	$251,883	$219,609	14.7%	$1,999	126	118	6.8%	84
52	QUINCY'S FAMILY STEAK HOUSES	250,900	221,500	13.3	1,170	211	215	(1.9)	66
53	WAFFLE HOUSE	250,000*	235,000*	6.4	395	650	635	2.4	28
54	MARIE CALLENDER'S	245,000*	220,000*	11.4	2,000	148	135	9.6	81
55	OLIVE GARDEN	244,000	137,000	78.1	2,500	125	70	78.6	85
56	RYAN'S FAMILY STEAK HOUSES	234,000	185,000	26.5	2,184	122	95	28.4	86
57	VILLAGE INN PANCAKE HOUSES	232,387	219,700	5.8	938	256	272	(5.9)	58
58	CHICK-FIL-A	232,189	202,724	14.5	622	386	363	6.3	48
59	GODFATHER'S PIZZA	231,000	252,516	(8.5)	440	531	590	(10.0)	37
60	CARVEL ICE CREAM	220,000*	245,000*	(10.2)	335	730	750	(2.7)	23
61	TONY ROMA'S	220,000*	200,000*	10.0	2,350	106	96	10.4	91
62	DEL TACO/NAUGLES	210,000	210,382*	(0.2)	580	380	366	3.8	49
63	TCBY	210,000	121,200	73.3	224	1,175	822	42.9	18
64	STEAK & ALE	200,000*	235,000	(14.9)	1,400	160	170	(5.9)	75
65	STUART ANDERSON'S	196,350	245,000*	(19.9)	2,310	85	117	(27.4)	95
66	BAKERS SQUARE	189,354	155,788	21.5	1,250	150	138	8.7	79
67	WYATT CAFETERIAS	189,000	189,000	0.0	1,600	120	119	0.8	87
68	GRANDY'S	180,790	180,000	0.4	895	202	201	0.5	69
69	WESTERN STEER	179,626	189,000*	(5.0)	940	192	194	(1.0)	71
70	KRYSTAL	178,000	184,000	(3.3)	765	232	243	(4.5)	61
71	COUNTRY KITCHEN	167,300	160,600	4.2	661	252	252	0.0	59
72	PO FOLKS	162,150	182,500	(11.2)	1,150	141	163	(13.5)	82
73	BRAUM ICE CREAM STORES	160,000*	145,000	10.3	780	210	195	7.7	67
74	MRS. FIELDS COOKIES	160,000*	110,000*	45.5	345	550	400	37.5	34
75	BROWN DERBY RESTAURANTS	155,000*	150,800*	2.8	2,950	52	52	0.0	100
76	SBARRO	154,400	116,000	33.1	485	288	212	35.8	54
77	MISTER DONUT	150,930	150,360	0.4	292	516	537	(3.9)	39
78	CRACKER BARREL OLD COUNTRY STORES	147,823	110,621	33.6	2,360	67	56	19.6	97
79	LEE'S FAMOUS RECIPE	145,500	137,000	6.2	561	283	275	2.9	56
80	MAZZIO'S	145,000*	135,000	7.4	620	285	279	2.2	55
81	SHAKEY'S PIZZA	145,000	142,000*	2.1	627	231	254	(9.1)	62
82	WINCHELL'S DONUT HOUSES	145,000*	150,953	(3.9)	220	671	727	(7.7)	26
83	MR. GATTI'S	143,000*	140,000	2.1	475	325	337	(3.6)	53
84	FUDDRUCKER'S	138,000	129,629	6.5	1,245	117	116	0.9	88
85	PAPA GINO'S	132,000	117,500	12.3	650	207	192	7.8	68
86	A&W RESTAURANTS	131,700	126,600	4.0	328	476	476	0.0	42
87	WIENERSCHNITZEL/HAMBURGER STAND	130,029	128,688	1.0	392	328	327	0.3	52
88	RUBY TUESDAY	128,000	94,500	35.4	1,800	80	63	27.0	96
89	CHART HOUSE	125,000*	108,000*	15.7	2,280	58	54	7.4	99
90	KETTLE RESTAURANTS	123,041	120,110	2.4	613	195	207	(5.8)	70
91	EL POLLO LOCO	120,900	75,000	61.2	1,1000	149	83	79.5	80
92	YORK STEAK HOUSE	118,000*	132,683	(11.1)	1,180	100	111	(9.9)	93
93	TACO JOHN'S	116,000	104,000	11.5	273	448	424	5.7	44
94	BOJANGLES	115,000*	158,280	(27.3)	715	151	222	(32.0)	78
95	EL CHICO	111,504	110,900	0.5	1,095	106	108	(1.9)	92
96	LYONS RESTAURANTS	110,000	103,000	6.8	1,800	65	62	4.8	98
97	TASTEE FREEZ	110,000	103,800	6.0	267	404	432	(6.5)	47
98	WAG'S	110,000*	100,000*	10.0	1,200	91	87	4.6	94
99	BLIMPIE	107,400	93,600	14.7	325	350	292	19.9	50
100	JB'S RESTAURANTS	101,000	107,000	(5.6)	895	116	110	5.5	90

* Technomic estimate

NOTE: Results are for the year ended December, 1988; data reflects domestic operations only

1

McDONALD'S CORP.

Oak Brook, IL

RANK BY UNITS: 1

U.S. Systemwide Sales:	**$11,380,212,000**
U.S. Systemwide Units:	**7,907**

Seeking to build sales during its weakest daypart—dinner—the burger giant is testing at least two major products in different markets. At press time, McDonald's was testing a 14-in. pizza in Evansville, IN, and Owensboro, KY. At the same time, units in Dallas and Houston are serving bone-in fried chicken. McDonald's is also stepping up expansion in the health-care segment, a move which prompted a teaming with Mobile, AL-based Morrison's Custom Management.

2

BURGER KING

(Grand Metropolitan PLC)
Miami, FL

RANK BY UNITS: 3

U.S. Systemwide Sales:	**$4,943,576,000**
U.S. Systemwide Units:	**5,212**

Burger King's London-based parent company, Grand Metropolitan PLC, has indicated that the number-two burger chain will play an instrumental role in Grand Met's international strategy. Meanwhile, under BK's new chief executive Barry Gibbons, one-third of the corporate work force was laid off; its national ad agency NW Ayer, New York, was replaced; Distron, the company's troubled distribution subsidiary, was restructured; and a major new ad campaign was launched.

3

KENTUCKY FRIED CHICKEN

(PepsiCo Inc.)
Louisville, KY

RANK BY UNITS: 4

U.S. Systemwide Sales:	**$2,900,000,000**
U.S. Systemwide Units:	**4,899**

KFC saw transition at the top when Richard Mayer, chairman and CEO since 1982, resigned to assume the presidency of General Foods USA. He was replaced by John M. Cranor III, formerly president of Pepsi-Cola East. Despite the changing of the guard, KFC is going ahead with plans to build its new "state-of-the-art" 38 Series stores, which include a $20-million computer system. It is also continuing to replace Extra Crispy Chicken with the newer Extra Tasty Crispy Chicken.

4

PIZZA HUT

(PepsiCo Inc.)
Wichita, KS

RANK BY UNITS: 2

U.S. Systemwide Sales:	**$2,800,000,000**
U.S. Systemwide Units:	**5,707**

Pizza Hut jumped past hamburger chains Hardee's and Wendy's to capture the fourth spot this year, indicating that pizza is certainly a category to reckon with. It also indicates that the chain's strategy to put pizza in as many points-of-sale is paying off. Recently, it even began to sell pizza out of kiosks in 7-Eleven stores. A new, scrappy advertisement comparing McDonald's in-test pizza with the Pizza Hut product shows that the chain does not intend to give ground gracefully.

5

HARDEE'S

(Imasco Ltd.)
Rocky Mount, NC

RANK BY UNITS: 8

U.S. Systemwide Sales:	**$2,725,000,000**
U.S. Systemwide Units:	**3,076**

Although still a regional chain, Hardee's surpassed national chain Wendy's in terms of U.S. sales this year. Aggressive franchising and a high average unit volume have all contributed to its fast-track growth record. Currently, the chain is testing a grilled chicken breast biscuit in about two-thirds of its restaurants, and plans to have it in all of the stores soon. It also debuted a $40-million ad campaign earlier this year.

6

WENDY'S

Dublin, OH

RANK BY UNITS: 7

U.S. Systemwide Sales:	**$2,690,000,000**
U.S. Systemwide Units:	**3,521**

This year saw the return of Wendy's founder Dave Thomas as a spokesman in a new round of TV ads, which, executives hope, will help pull Wendy's out of its slump. The company's second-quarter income remained flat as a result of price promotions and higher food costs. For the first six months, operating profits dropped 22% to $10.2 million despite a 2% gain in revenues. Wendy's is currently developing a number of new chicken items, as well as a revamped breakfast menu.

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MAJOR ACQUISITIONS '88

Acquirer	Acquisition (Parent)	1988 U.S. Sales of Acquisition ($000,000)
AWR II	Naugles (Collins Foods)	$110
AWR II	Del Taco	100
Daka Intl.	Fuddruckers	138
Foodmaker Inc.	Chi-Chi's	423
Godfather's Inc. (LBO)	Godfather's (Pillsbury)	231
Marriott Corp.	Wags (Walgreen's)	110
Metromedia Co.	Ponderosa	710
Gilbert/Robinson Holding Corp. (LBO)	Gilbert/Robinson (Restaurant Enterprises Group)	270
Tennessee Rest. Co.	Friendly Ice Cream (Hershey)	600
Triton Group Ltd.	Western Sizzlin'	448

7

DOMINO'S PIZZA

Ann Arbor, MI

RANK BY UNITS: 5

U.S. Systemwide Sales:	**$2,300,000,000**
U.S. Systemwide Units:	**4,595**

With its 30-minute delivery guarantee, Domino's is finding speed can cut both ways. Charges of encouraging reckless driving prompted the chain to launch a major ad campaign declaring that the company is committed to safe driving. At the same time, founder and chairman Tom Monaghan has said that he would consider selling the company if the offer was right. Meanwhile, Domino's got a new president and COO—P. David Black—and rolled out pan pizza nationwide.

8

INTERNATIONAL DAIRY QUEEN

Minneapolis, MN

RANK BY UNITS: 6

U.S. Systemwide Sales:	**$1,900,000,000**
U.S. Systemwide Units:	**4,556**

Dairy Queen recently completed a successful 300-store test for soft frozen yogurt, and expects to roll the new product nationwide in early 1990. Participating stores will offer yogurt in cones and cups with various toppings. The company also reported a 20% net income rise to $7.2 million during the second quarter, attributing the gains to such new product introductions as ice cream cakes and logs. Improved cost controls were also cited.

MAJOR ACQUISITIONS '89

Acquirer	Acquisition (Parent)	1988 U.S. Sales of Acquisition ($000,000)
Benale Corp.	Steak and Ale	$200
Benale Corp.	Bennigan's	500
Grand Metropolitan	Burger King (Pillsbury)	4,944
A. Copeland Ent.	Church's Fried Chicken	559
Marie Callender's (LBO)	Marie Callender's (Ramada)	245
Kettle Rests. (LBO)	Kettle Rests.	123
Inno-Pacific Holdings	Shakey's	145
Steakhouse Acquisitions	York Steak House (34 units)	NA
Coniston Partners	TW Services (incl. Denny's El Pollo Loco, and Quincy's)	1,700
Metromedia Co.	Bonanza Rests. (USA Cafes)	571
Castle Harlan	Jerrico	620

9

TACO BELL

(PepsiCo Inc.)
Irvine, CA

RANK BY UNITS: 9

U.S. Systemwide Sales:	**$1,600,000,000**
U.S. Systemwide Units:	**2,878**

Taco Bell got a boost from a major tie-in with the hugely successful "Batman" film this summer. The Mexican fast-food chain backed the promotion with $5 million in print, radio, and TV ads. Meanwhile, Taco Bell continues to make inroads in the highly competitive Mexican market with its value-oriented menu. Commanding about 60% of the market, the chain enjoyed a 22% increase in customer counts during the last quarter.

10

DENNY'S

(Coniston Partners)
La Mirada, CA

RANK BY UNITS: 17

U.S. Systemwide Sales:	**$1,268,000,000**
U.S. Systemwide Units:	**1,234**

The acquisition of parent-company TW Services for $1.7 billion is not expected to affect Denny's. However, Coniston did sell off the 657-unit Winchell's Donut Houses—of which Denny's owned 42%—to Shato Holdings Ltd. of Vancouver, Canada. Meanwhile, Denny's advertisements are concentrating on value-added price promotion through the use of the "Rose and Edith Corlick" campaign. Also, a new $6 million POS computer system has been installed in 300 units.

11

ARBY'S

(DWG Corp.)
Atlanta, GA

RANK BY UNITS: 13

U.S. Systemwide Sales:	**$1,160,000,000**
U.S. Systemwide Units:	**2,049**

Arby's is once again facing an uncertain future. Franchisees are outraged over the firing of president and CEO Leonard Roberts by Victor Posner, who owns controlling interest in parent DWG. Posner further aggravated franchisees by appointing Irving Riese, a principal in the New York City-based Riese Organization, to replace Roberts. Meanwhile, eight franchisees—who control about half of Arby's units—continue their bid to take over the roast-beef chain.

12

RED LOBSTER

(General Mills Restaurant Group)
Orlando, FL

RANK BY UNITS: 45

U.S. Systemwide Sales:	**$1,140,000,000**
U.S. Systemwide Units:	**430**

During the first half of 1989, Red Lobster converted the 26 Seafood Broiler restaurants it acquired last year, giving the chain a strong presence in the Southern California market. At the same time, Red Lobster also opened its first units in the Pacific Northwest. During 1990, Red Lobster expects to open 20 new units in the Northwest and other underdeveloped markets.

13

BIG BOY

(Elias Brothers Restaurants Inc.)
Warren, MI

RANK BY UNITS: 21

U.S. Systemwide Sales:	**$1,000,000,000**
U.S. Systemwide Units:	**950**

Elias Brothers acquired the Boury Corp., operator of 72 Elby's Family Restaurants, in 1989. The chain, which left the Big Boy system in 1984, has been converted back. A systemwide menu and new signage were developed this year for national use to help increase customer identification in the chain's various geographical locations. While the company is pursuing new unit development, it is also examining the possible acquisitions of chains in the Southwest and Northeast.

14

LITTLE CAESARS

Farmington, MI

RANK BY UNITS: 12

U.S. Systemwide Sales:	**$908,000,000**
U.S. Systemwide Units:	**2,124**

Little Caesars expanded its international reach earlier this year when it purchased the 86-unit Mother's, a Canadian-based pizza-and-pasta chain. Immediate plans do not call for the conversion of the Mother's units to Little Caesars, however. The chain also added to its menu this year when it rolled out a single-serving Baby Pan! Pan! pizza. Little Caesars will continue to emphasize its carry-out-only format and two-for-one pricing.

15

SIZZLER

(Collins Foods International Inc.)
Los Angeles, CA

RANK BY UNITS: 32

U.S. Systemwide Sales:	**$790,000,000**
U.S. Systemwide Units:	**588**

After logging steady growth for nearly a decade, Sizzler experienced something of a slowdown during the past year. Experts attribute this to the intense competition among fast-food chains in Southern California, where Sizzler has about 40% of its units. Nevertheless, Sizzler notched a 13% net income increase to $6 million for the first quarter. With five new units opened already this year, the company is planning 15 more.

16

JACK IN THE BOX

(Foodmaker Inc.)
San Diego, CA

RANK BY UNITS: 20

1988 U.S. Systemwide Sales:	**$775,000,000**
1988 U.S. Systemwide Units:	**957**

Jack In The Box continued to make menu development a priority in 1989. In February, the chain introduced a grilled chicken filet sandwich. It followed that introduction with a scrambled egg pocket breakfast sandwich in May, and a grilled sourdough burger in June. Parent Foodmaker Inc. plans to have approximately 30 new restaurants opened by year's end, almost all in the chain's primary markets in Western and Southwestern states.

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17

LONG JOHN SILVER'S SEAFOOD SHOPPES

(Jerrico Inc.)
Louisville, KY

RANK BY UNITS: 14
1988 U.S. Systemwide Sales: $761,513,000
1988 U.S. Systemwide Units: 1,469

The seafood chain must regenerate guest excitement with fresh advertising, promotions, and greater menu variety, according to corporate executives. The return of Anthony Lavely as executive vice president of marketing should help in all three areas. Parent Jerrico Inc. was bought recently by an investment group controlled by Castle Harlan and DJS/Inverness & Co. for $620 million.

18

SHONEY'S

(Shoney's Inc.)
Nashville, TN

RANK BY UNITS: 29
1988 U.S. Systemwide Sales: $750,000,000 (E)
1988 U.S. Systemwide Units: 643

Parent Shoney's Inc., which also operates the Captain D's seafood and Lee's Famous Recipe chicken chains, as well as several specialty dinner houses, notched record revenue and pretax income in this year's third quarter. J. Mitchell Boyd, chief executive officer and vice chairman of Shoney's Inc., succeeded Ray Danner as company chairman in June. The company has remained a strong performer in the wake of its recapitalization.

19

PONDEROSA

(Metromedia Co.)
Dayton, OH

RANK BY UNITS: 25
1988 U.S. Systemwide Sales: $710,000,000 (E)
1988 U.S. Systemwide Units: 686

With the recent addition of Bonanza, parent Metromedia Co. now owns the largest group of steak houses in the U.S., with approximately 1,350 units. One estimate places the combined chains' market share at more than 33%. J. Michael Jenkins—formerly the president and chief executive of TGI Friday's—took the helm as the budget steakhouse chain's president and chief executive officer in May, replacing Frank Holdraker, who resigned.

20

DUNKIN' DONUTS

(Dunkin' Donuts Of America Inc.)
Randolph, MA

RANK BY UNITS: 15
1988 U.S. Systemwide Sales: $658,000,000
1988 U.S. Systemwide Units: 1,443

Much of the effort expended this year by president Robert Rosenberg went toward fending off an as-yet-unresolved hostile takeover attempt by Kingsbridge Capital Group (a unit of Unicorp Canada Corp.) and Cara Operations Ltd. At press time, Dunkin's board had rejected the $45-per-share takeover offer. Early in 1989, the chain launched a Dunkin' Donuts toasted-oats cereal. Menu introductions included bagel sandwiches and rolls.

21

ROY ROGERS

(Marriott Corp.)
Washington, DC

RANK BY UNITS: 30
1988 U.S. Systemwide Sales: $630,000,000 (E)
1988 U.S. Systemwide Units: 609

Though the chain stayed within its current geographic boundaries throughout 1989, expansion into at least one new market (as yet undetermined) is set for early 1990. Several new units in Florida opened this year as part of the new Marriott Travel Plaza operations. Sales were flat despite several successful menu introductions, including the pre-dressed Express Burger, a chicken sandwich, and Wild Wings—a chicken wing item with four sauces.

22

FRIENDLY RESTAURANTS

(Tennessee Restaurant Co.)
Wilbraham, MA

RANK BY UNITS: 22
1988 U.S. Systemwide Sales: $600,000,000 (E)
1988 U.S. Systemwide Units: 848

Purchased by the Memphis-based Tennessee Restaurant Co. (TRC) over a year ago, the chain has slowed unit expansion significantly in favor of a systemwide interior/exterior unit renovation program. Recent menu expansion has brought the addition of a new melt-sandwich line and the reformulation of the chain's Big Beef hamburger line. TRC chairman Don Smith recently took the helm as president following the retirement of John Cauley.

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23

SUBWAY

(Doctors Associates Inc.)
Milford, CT

RANK BY UNITS: 10

1988 U.S. Systemwide Sales:	**$600,000,000**
1988 U.S. Systemwide Units:	**2,858**

Not content with an industry-pacing growth rate of better than 1,000 new units per year, founder and president Fred DeLuca and partner Peter Buck recently acquired the 14-unit Cajun Joe's Fried Chicken & Biscuits concept as a growth vehicle for landlocked franchisees. DeLuca bought the 24-unit Suburpia chain back in January, converting 18 units and shuttering the rest.

24

BONANZA

(Metromedia Co.)
Dallas, TX

RANK BY UNITS: 36

1988 U.S. Systemwide Sales:	**$570,533,000**
1988 U.S. Systemwide Units:	**534**

Recently purchased by telecommunications conglomerate Metromedia Co., the parent of the 750-unit Ponderosa chain, Bonanza has joined segment rivals in cutting the amount of red meat on its menu due to declining sales, and offering more chicken and seafood to go with its extensive salad bar. Bonanza also expanded the rollout of its Lighter Fare salad bar items.

25

CHURCH'S FRIED CHICKEN

(A. Copeland Enterprises Inc.)
San Antonio, TX

RANK BY UNITS: 16

1988 U.S. Systemwide Sales:	**$559,300,000**
1988 U.S. Systemwide Units:	**1,281**

Purchased by Popeyes owner Al Copeland earlier this year, Church's—the second-largest fried chicken chain in terms of units—has rolled out several nonfried products. An important goal for Copeland will be to increase Church's low average per-person check; an "upscale" mall concept featuring brighter, more contemporary decor will help accomplish that. About 400 units will be converted to Popeyes by 1991; several will be sold.

26

BENNIGAN'S

(S&A Restaurant Corp.)
Dallas, TX

RANK BY UNITS: 63

1988 U.S. Systemwide Sales:	**$500,000,000**
1988 U.S. Systemwide Units:	**222**

Growth plans are on hold at Bennigan's. At press time, Bennigan's executives would not comment on Benale Corp.'s buyout of the chain. Year-to-year per-unit sales were down 3% for fiscal 1988, due primarily to drooping liquor sales. Bennigan's has reportedly cut way back on advertising. What was once a large regional advertising campaign in the West "has been reduced to next to nothing," according to an insider.

27

POPEYES FAMOUS FRIED CHICKEN

(A. Copeland Enterprises)
Jefferson, LA

RANK BY UNITS: 24

1988 U.S. Systemwide Sales:	**$485,000,000**
1988 U.S. Systemwide Units:	**715**

Now the second-largest fast-food chicken operator in the industry with the addition of Church's, Popeyes is reaching out to new frontiers with its new Super Popeyes concept, which offers an expanded menu featuring charbroiled chicken dishes and alcoholic beverages. Many of the purchased Church's units will be converted to Popeyes. Expansion capital may be thinned by the Church's acquisition and Copeland's other concepts.

28

CARL'S JR.

(Carl Karcher Enterprises Inc.)
Anaheim, CA

RANK BY UNITS: 41

1988 U.S. Systemwide Sales:	**$480,574,000**
1988 U.S. Systemwide Units:	**482**

In a year in which the company was buffeted by insider trading charges, a lawsuit, and consumer protests, Carl's Jr. nonetheless recorded its second straight year of record profits. Average per-store volume rose above the $1-million mark for the first time. New product introductions included the Jr. Crisp Burrito—Carl's first foray into finger foods—and a promotional guacamole chicken sandwich. The chain also debuted in Japan in May.

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29

BASKIN-ROBBINS

Glendale, CA

RANK BY UNITS: 11

1988 U.S. Systemwide Sales: $475,000,000 (E)

1988 U.S. Systemwide Units: 2,449

During the last year, the chain concentrated more on expanding its product line than its number of units. The new Low, Lite 'n Luscious line of low-fat frozen dairy desserts comes in four flavors: pineapple coconut, strawberry, mint chocolate chip, and Jamoca Swiss almond. Also added were low- and nonfat soft-serve frozen yogurt, which includes such flavors as peppermint twist, almond amaretto, piña colada, black cherry, and chocolate-chocolate mint.

30

WESTERN SIZZLIN'

(Triton Group Ltd.)
Dallas, TX

RANK BY UNITS: 33

1988 U.S. Systemwide Sales: $448,000,000

1988 U.S. Systemwide Units: 579

Purchased last year by Triton Group Ltd., a La Jolla, CA-based holding company, and a management group led by Pizza Hut cofounder Frank Carney and veteran operator Michael Stack, the chain plans to double in size by 1995. Expansion into Canada will begin by the end of this year, and is expected to grow to 150 restaurants over the next 10 years.

31

CHI-CHI'S

(Foodmaker Inc.)
Louisville, KY

RANK BY UNITS: 72

1988 U.S. Systemwide Sales: $422,892,000

1988 U.S. Systemwide Units: 192

Chi-Chi's has continued to reap the rewards of its last two years' investments in store remodeling, TV advertising, and personnel compensation: Comparable store sales are up 4% to 5%, and management turnover has dropped from 68% to 28%. Expansion plans call for 21 new units in the coming year, with new stores scaling down by nearly half to 6,000-7,000 sq. ft. A spicy Tex-Mex menu is due to be added to Chi-Chi's traditional Mexican fare.

32

EL TORITO

(Restaurant Enterprises Group)
Irvine, CA

RANK BY UNITS: 73

1988 U.S. Systemwide Sales: $415,000,000 (E)

1988 U.S. Systemwide Units: 188

El Torito launched into marketing this July with its first TV advertising campaign in Southern California; sales increased by 10%. A second campaign will follow in the fourth quarter; the chain will then roll out TV advertising to its other markets. A new menu will be introduced systemwide in February, with an emphasis on healthful products in El Torito's Sonoran style. Dishes will include whole wheat quesadillas, mahi-mahi, and lobster fajitas.

33

GOLDEN CORRAL

(Investors Management Corp.)
Raleigh, NC

RANK BY UNITS: 40

1988 U.S. Systemwide Sales: $400,000,000 (E)

1988 U.S. Systemwide Units: 504

Although this steak-house chain has not backed away from its emphasis on beef—USDA Choice fresh beef is still cut in stores daily—it has repositioned itself in the last three years by adding extensive food bars to 80% of its units. The food bars may include full sections devoted to everything from tacos, to pasta, to a country bar featuring chicken pot pie and mashed potatoes. In the coming year, the concept will be refined to reflect regional tastes.

34

TGI FRIDAY'S

(Carlson Companies Inc.)
Dallas, TX

RANK BY UNITS: 83

1988 U.S. Systemwide Sales: $383,000,000

1988 U.S. Systemwide Units: 133

The casual chain is focusing its expansion efforts for the first time on franchising; plans are to sell 19 company-owned stores and territorial development rights to franchisees by January. The five-year growth plan calls for a total of 70 to 100 franchised and 175 to 200 company-owned units. The shareholders' move to take the chain private should be finalized by year's end; no impact on operations is anticipated.

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35

PERKINS FAMILY RESTAURANTS

(Tennessee Restaurant Co.)
Memphis, TN

RANK BY UNITS: 51

1988 U.S. Systemwide Sales:	**$375,022,000**
1988 U.S. Systemwide Units:	**341**

The acquisition and conversion of nine Friendly's restaurants in Orlando this summer boosted this family-dining chain's Florida presence to 43 units. Other growth will be primarily through franchising, with up to 50 new units expected per year. Perkins has begun rolling out its in-store bakeries systemwide; one-third of the chain now has them. New menu items include skillet breakfasts, bread bowl salads, and traditional Down Home dinners.

36

RAX RESTAURANTS

Columbus, OH

RANK BY UNITS: 38

1988 U.S. Systemwide Sales:	**$355,777,000**
1988 U.S. Systemwide Units:	**520**

This fast-food sandwich chain suffered $13.5 million in losses last year. But Ira Hermann, who took over as president in the spring, hopes to turn Rax around by overhauling the franchise royalty structure and by refocusing the chain's image with new products, a revamped salad bar concept, and increased marketing support. Three new items—a chicken sandwich, Twisty fries, and prepackaged salads—already account for 8% to 15% of sales.

37

CAPTAIN D'S

(Shoney's Inc.)
Nashville, TN

RANK BY UNITS: 31

1988 U.S. Systemwide Sales:	**$345,000,000**
1988 U.S. Systemwide Units:	**595**

Under new chairman and CEO J. Mitchell Boyd, Shoney's fast-food seafood chain is eyeing expansion to the Pacific Rim. For the third quarter ended August 6, 1989, comparable store sales increased 5%; menu prices increased 3.2%, for a real sales gain of 1.8%. Average unit sales at company-owned stores are $630,000, the highest for any major fast-seafood chain, the company says.

38

SONIC INDUSTRIES

Oklahoma City, OK

RANK BY UNITS: 19

1988 U.S. Systemwide Sales:	**$341,000,000**
1988 U.S. Systemwide Units:	**985**

The 30-year-old Sonic, a 1950s-style drive-in burger chain, continues to enjoy the growth that began to accelerate with its buy-out by management in 1985. Fiscal '88 saw the opening of 43 units, followed by 57 start-ups in '89, with another 75 due next year. Development is focused on the Southwest and Midwest. A retrofit program, costing $35,000 to $45,000 per unit, captured sales increases of 25%.

39

MORRISON'S FAMILY DINING

(Morrison's, Inc.)
Mobile, AL

RANK BY UNITS: 74

1988 U.S. Systemwide Sales:	**$319,200,000**
1988 U.S. Systemwide Units:	**168**

Morrison's cafeteria concept will continue to consolidate its business south of the Mason-Dixon line with the addition of four stores next year. Growth to the north is limited for the present in part by the conditions of the labor market; each unit employs 60 people. The chain's remodeling efforts continue, as does its development of off-premise operations. Freestanding take-out Morrison's units may be in the offing.

40

CHILI'S

Dallas, TX

RANK BY UNITS: 76

1988 U.S. Systemwide Sales:	**$297,960,000**
1988 U.S. Systemwide Units:	**159**

Chili's continues on its growth trend; it ended its fiscal year June 30, 1989 with $351 million in systemwide sales and 180 units. And the chain will continue to roll out its established formula with a projected 35 to 40 new units in the coming year; new markets will include New York City, Madison, WI, and Seattle, WA. The company has also begun to expand the Grady's chain it acquired last February, adding four units to the original six .

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41 PIZZA INN

(Pantera's Corp.)
Dallas, TX

RANK BY UNITS: 27

1988 U.S. Systemwide Sales:	**$295,000,000 (E)**
1988 U.S. Systemwide Units:	**666**

At press time, Pantera's said a filing under Chapter XI bankruptcy laws was imminent. The firm has struggled with repaying its debt since its $48 million acquisition of the Pizza Inn chain in 1987. Pantera's decision to add an Italian buffet to the format is now the subject of a shareholders' lawsuit that claims it was too risky and reduced the chain's competitiveness.

42 INTERNATIONAL HOUSE OF PANCAKES

North Hollywood, FL

RANK BY UNITS: 43

1988 U.S. Systemwide Sales:	**$291,300,000**
1988 U.S. Systemwide Units:	**448**

IHOP expects to expand by 25 units this year and for each of the next three years. It will enter new markets such as Phoenix and Denver, and bolster its presence in Dallas and Chicago. "We're a 30-year-old company that got started two years ago when we completed our LBO," says Richard Herzer, president. IHOP continues to focus on building its dinner business. Menu revisions will entail streamlining items for better execution.

43 BOB EVANS FARMS INC.

Columbus, OH

RANK BY UNITS: 64

1988 U.S. Systemwide Sales:	**$285,526,000**
1988 U.S. Systemwide Units:	**221**

Bob Evans intends to capitalize on the brand recognition of its wholesale sausage products in the East by beginning to open its value-oriented family restaurants in that market. The firm also expects to expand its sister chain, Owens Family Restaurants, throughout the Southwest. Five are now in operation; in time, Texas alone may see 100 units. Known for its breakfasts, Bob Evans aims to boost dinner business with an expanded menu and ad campaign.

44 WHITE CASTLE

Columbus, OH

RANK BY UNITS: 60

1988 U.S. Systemwide Sales:	**$282,720,000**
1988 U.S. Systemwide Units:	**235**

The 68-year-old burger chain has moved into the modern age of advertising and promotions over the last several years, now spending 3% to 4% of its sales on such marketing. White Castle introduced its first game promotion this year, and continues to court a younger customer base with its children's meals. The firm has branched into additional sales with a wholesale frozen food business for supermarkets.

45 WHATABURGER RESTAURANTS

Corpus Christi, TX

RANK BY UNITS: 46

1988 U.S. Systemwide Sales:	**$272,000,000**
1988 U.S. Systemwide Units:	**422**

This hamburger chain markets to adults, with a menu of built-to-order burgers, onion rings, fish sandwiches, omelet sandwiches, and pancakes; chicken fajita tacos are the newest menu item. The chain has added drive-thrus, and is open 24 hours a day. Whataburger, which has a strong presence in the Southwest, has just entered the Atlanta market. Expansion is expected to continue at a 10% to 20% annual rate.

46 FURR'S/BISHOP'S CAFETERIAS

(Furr's/Bishop's Cafeterias L.P.)
Lubbock, TX

RANK BY UNITS: 77

1988 U.S. Systemwide Sales:	**$271,016,000**
1988 U.S. Systemwide Units:	**157**

Furr's has no plans to expand its cafeteria format, but is exploring new concepts for expansion with its recently established specialty restaurant group. As many as 30 underperforming cafeterias may be converted to one of a variety of full-service restaurants. The firm has opened its first three Furr's Pie Kitchen Restaurants—full-service restaurants with salad bars—in Texas.

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47

ROUND TABLE PIZZA

San Francisco, CA

RANK BY UNITS: 35

1988 U.S. Systemwide Sales:	**$267,000,000**
1988 U.S. Systemwide Units:	**540**

This regional pizza chain is continuing to roll out delivery; 50% of the system now offers it. Remodeling has increased sales by 15% in units that have incorporated the updated look. Though 70% of its sales are pizza, Round Table is currently testing a number of menu additions, including two versions of spaghetti and meatballs.

48

LUBY'S CAFETERIAS

San Antonio, TX

RANK BY UNITS: 89

1988 U.S. Systemwide Sales:	**$264,000,000**
1988 U.S. Systemwide Units:	**117**

Luby's is continuing on its 16-year roll of record sales and earnings, and is projecting 10% annual unit growth. It branched out for the first time from its markets around its Texas stronghold to test the waters in Florida with a single unit. Take-out is now offered in about 25 units. The menu is evolving to meet local demand to include low-cholesterol and low-sodium items such as steamed vegetables and broiled chicken.

49

GROUND ROUND

(International Proteins Corp.)
South Weymouth, MA

RANK BY UNITS: 65

1988 U.S. Systemwide Sales:	**$260,975,000**
1988 U.S. Systemwide Units:	**212**

This family-dining chain seems to have succeeded in its turnaround; a more varied menu, which now includes fish and chicken as well as the signature babyback ribs and other meat dishes, has played a key role. The chain has converted all but five of the 20 Stuart Anderson's restaurants that it acquired last year. Ownership of Ground Round recently changed hands from Hanson PLC to IPC, a food and agriproducts firm in which Hanson has a 49% share.

50

SHOWBIZ PIZZA/ CHUCK E. CHEESE

(ShowBiz Pizza Time)
Irving, TX

RANK BY UNITS: 57

1988 U.S. Systemwide Sales:	**$260,924,000**
1988 U.S. Systemwide Units:	**258**

ShowBiz is rebuilding following its spin-off last year from hotel company INTEGRA. While its focus has shifted from the teenage market to families with two- to 12-year-olds, the pizza chain continues to emphasize in-store entertainment; 25% of revenues are derived from games and rides. With the debt from the buy-out under its belt, ShowBiz expects to grow company-owned units by 10% a year.

51

PICCADILLY CAFETERIAS

Baton Rouge, LA

RANK BY UNITS: 84

1988 U.S. Systemwide Sales:	**$251,883,000**
1988 U.S. Systemwide Units:	**126**

Piccadilly, a conservatively operated, totally company-owned cafeteria chain, has recently moved out of its home markets with expansion into the central area of California. In addition, it purchased the Ralph & Kacoo's dinner-house chain. Growth has been running at 15% annually in sales, and the chain intends to add 10 Piccadillys in fiscal 1990, as well as at least one Ralph & Kacoo's.

52

QUINCY'S FAMILY STEAK HOUSES

(Coniston Partners)
Spartanburg, SC

RANK BY UNITS: 66

1988 U.S. Systemwide Sales:	**$250,900,000**
1988 U.S. Systemwide Units:	**211**

Quincy's, operated by a major Hardee's franchisee, Spartan Food Systems, is wholly owned by Coniston Partners. While its unit total decreased in 1988, sales jumped by almost 14%. The chain intends to pull out of the unit slump by adding at least 10 new stores this year. Recent menu additions include a grilled chicken breast, and other menu changes are on the way. Average unit sales are $1.1 million.

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53 WAFFLE HOUSE

Norcross, GA

RANK BY UNITS: 28

1988 U.S. Systemwide Sales:	**$250,000,000 (E)**
1988 U.S. Systemwide Units:	**650**

This chain of 24-hour diner/coffee shops now operates in 20 states, including Georgia, Texas, Florida, Colorado, New Mexico, and Indiana. About half of the 650 units are franchised, and the chain suffers from a low average unit volume at $395,000. The menu focuses on breakfast specialties but also includes dinner items, chicken, seafood, sandwiches, and steaks.

54 MARIE CALLENDER'S

(Wilshire Restaurant Group)
Orange, CA

RANK BY UNITS: 81

1988 U.S. Systemwide Sales:	**$245,000,000 (E)**
1988 U.S. Systemwide Units:	**148**

Under the new ownership of the Wilshire Group since May, Marie Callender's has made few substantial changes. An existing marketing campaign using puns to showcase menu items has been retained, but a new 5,700-sq.-ft. unit design is in the works for smaller markets. The menu has been trimmed by over 5% already, and more items are likely to go in an attempt to focus the chain and streamline operations.

55 OLIVE GARDEN

(General Mills Restaurant Group)
Orlando, FL

RANK BY UNITS: 85

1988 U.S. Systemwide Sales:	**$244,000,000**
1988 U.S. Systemwide Units:	**125**

Olive Garden, *Restaurant Business*' 1989 Company of the Year, has racked up impressive growth numbers since its founding, and has no plans to slow down. Now in 22 states, General Mills intends to keep expanding Olive Garden into new markets, looking for abandoned restaurant properties to take over. A breakfast program is currently in test in some Florida units.

56 RYAN'S FAMILY STEAK HOUSES

Greer, SC

RANK BY UNITS: 86

1988 U.S. Systemwide Sales:	**$234,000,000**
1988 U.S. Systemwide Units:	**122**

This conservative Southern chain has recently made menu changes, and growth over the last few years has been impressive, running at 26.5% in 1988. Menu additions include a trout dinner and a chicken filet sandwich, both designed to attract a more health-conscious consumer. Its Mega Bar food bar is responsible for more than 40% of sales, placing Ryan's firmly on the turf of some of its Southern cafeteria competitors.

57 VILLAGE INN PANCAKE HOUSES

(VICORP)
Denver, CO

RANK BY UNITS: 58

1988 U.S. Systemwide Sales:	**$232,387,000**
1988 U.S. Systemwide Units:	**256**

VICORP closed 15 under-performing, unprofitable Florida Village Inns and didn't add any new units in 1989. A new menu late last year trimmed some disappointing items and added others, but the jury is still out on its success. A $938,000 average unit volume is low for the family segment, and management is concentrating on boosting unit sales. It appears that many of VICORP's recent troubles may be behind it.

58 CHICK-FIL-A

Atlanta, GA

RANK BY UNITS: 48

1988 U.S. Systemwide Sales:	**$232,189,000**
1988 U.S. Systemwide Units:	**386**

This quickly growing chain—15% in 1988—has met with tremendous success adding freestanding units. Formerly located only in malls, freestanding units generate up to over $1 million annually, while mall units are in the $600,000 range. New menu items include chargrilled chicken, with a sandwich for $1.99 (deluxe for $2.29) and a chicken salad for $2.69. A new garden salad at 99¢ was also added.

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59

GODFATHER'S PIZZA

Omaha, NB

RANK BY UNITS: 37

1988 U.S. Systemwide Sales:	**231,000,000**
1988 U.S. Systemwide Units:	**531**

Following the September 1988 buyout of Godfather's by a group of senior executives, the focus has been on maintaining quality in existing units rather than expansion. A dessert pizza—in apple or cherry and selling for $3.95—is the only new menu addition and a store remodeling program was completed before the buyout. The company's 30-minute delivery guarantee was dropped in response to consumer concern with driver safety.

60

CARVEL ICE CREAM

Yonkers, NY

RANK BY UNITS: 23

1988 U.S. Systemwide Sales:	**$220,000,000 (E)**
1988 U.S. Systemwide Units:	**730**

Carvel, which is more than 90% franchised, has low average volumes, at $335,000. Older locations are partly responsible, and upgrading is going on now. The chain has added frozen yogurt in response to competitors, and the bulk of business is still soft-serve ice cream. Frozen novelty desserts are also very important to the sales mix.

61

TONY ROMA'S

Dallas, TX

RANK BY UNITS: 91

1988 U.S. Systemwide Sales:	**$220,000,000 (E)**
1988 U.S. Systemwide Units:	**106**

This chain has found a popular—and profitable—niche, and intends to stick with it. Simple and well-prepared barbecued ribs and chicken, along with all the trimmings, have proven to be a potent combination. About 20 new units were added in 1988, and the chain hopes to add 25 to 30 this year. California and other parts of the West are targeted for growth.

62

DEL TACO/NAUGLES

(American Restaurant Group)
Newport Beach, CA

RANK BY UNITS: 49

1988 U.S. Systemwide Sales:	**$210,000,000**
1988 U.S. Systemwide Units:	**380**

Contrary to reports circulating after ARG's purchase of Naugles last year, many Naugles have been converted to Del Taco. And Del Taco is in a bruising price battle with Taco Bell for business in the California marketplace. At press time Del Taco was heavily advertising quarter-pound tacos for 25¢ in a response to Taco Bell's promotion for popular items on its menu for 59¢.

63

TCBY

Little Rock, AR

RANK BY UNITS: 18

1988 U.S. Systemwide Sales:	**$210,000,000**
1988 U.S. Systemwide Units:	**1,175**

TCBY's menu now includes nonfat frozen yogurt as well as the "Shiver," a shake with mix-ins. In May, a deal was signed with Marriott to put TCBY units in airports and on toll roads with Marriott properties. In 1990, 350 to 400 new openings are expected, 90% franchised. Advertising theme "Say goodbye to ice cream" will continue for the foreseeable future.

64

STEAK & ALE

Dallas, TX

RANK BY UNITS: 75

1988 U.S. Systemwide Sales:	**$200,000,000 (E)**
1988 U.S. Systemwide Units:	**160**

Since a management-led buyout of the struggling steak-house chain from the Pillsbury Co., executives have been huddling to rebuild its strategy for 1990. But about 10 units have been closed, and more may be shuttered. The menu is also being reformulated. The big question: to keep focused on steak or broaden menu appeal?

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65

STUART ANDERSON'S

(American Restaurant Group)
Los Altos, CA

RANK BY UNITS: 95
1988 U.S. Systemwide Sales: $196,350,000
1988 U.S. Systemwide Units: 85

A significant drop-off in position in the Top 100 (from no. 47 last year to no. 65 now) is largely attributable to the demise of 30 units. Still strongly identified as a red meat dinner-house chain, Stuart Anderson's faces perceptual problems among consumers as it struggles to rebuild its customer base and draw new traffic.

66

BAKERS SQUARE

(VICORP)
Denver, CO

RANK BY UNITS: 79
1988 U.S. Systemwide Sales: $189,354,000
1988 U.S. Systemwide Units: 150

The chain is broken into two divisions, the Midwest (which added units this year after a seven-year hiatus) and California, which last year finally finished absorbing the troubled acquisition of more than 80 Sambo's. New menu items include grilled chicken and stir-fry entrees designed to attract a dinner customer. They are offered at higher price points: $5 in the Midwest, $6 in California. A new prototype will be built in Northern California in mid-1990.

67

WYATT CAFETERIAS

Dallas, TX

RANK BY UNITS: 87
1988 U.S. Systemwide Sales: $189,000,000
1988 U.S. Systemwide Units: 120

Wyatt has just opened its first new unit since an employee buyout of the company in late 1988. New units contain takeout facilities, which have proven successful so far. A downsized unit is planned for smaller markets and a new "Wyatt Express" is in the works for food courts, with possible rollout by the end of this year. Chicken sales are rapidly increasing, as beef continues to decline.

68

GRANDY'S

(American Restaurant Group)
Dallas, TX

RANK BY UNITS: 69
1988 U.S. Systemwide Sales: $180,790,000
1988 U.S. Systemwide Units: 202

Fried catfish as well as some new dessert items have just been introduced in an attempt to attract more customers. Some stores are being remodeled in a lighter and brighter fashion in home markets of Dallas and Fort Worth; 15 to 20 new units will be added in 1990. New ad tag line "Fastest home cooking around" will remain in use.

69

WESTERN STEER

(WSMP Inc.)
Claremont, NC

RANK BY UNITS: 71
1988 U.S. Systemwide Sales: $179,626,000
1988 U.S. Systemwide Units: 192

This closely held chain is the steak-house division of WSMP, which also owns Mom and Pop's Bakery and Mom and Pop's Ham House. Some menu items, including fish entrees and sandwiches, have recently been added to the menu, and a number of units have been remodeled with lighter and brighter colors. TV advertising started this year, and the chain intends to add about 15 units in 1990.

70

KRYSTAL

Nashville, TN

RANK BY UNITS: 61
1988 U.S. Systemwide Sales: $178,000,000
1988 U.S. Systemwide Units: 232

With a new advertising theme "Definitely Different" designed to emphasize this chain's non-mainstream burger segment approach, Krystal is now prepared to begin franchising, if a double-drive-thru test unit proves successful. A new breakfast sandwich, a "Krystal Sunriser" has boosted morning business by 25% in less than a year. Another flagship product is in test, but officials won't reveal what it is.

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71

COUNTRY KITCHEN

(Carlson Companies Inc.)
Minneapolis, MN

RANK BY UNITS: 59

1988 U.S. Systemwide Sales:	**$167,300,000**
1988 U.S. Systemwide Units:	**252**

The midscale chain has added a new president/CEO plus new marketing and R&D execs to help it reach its goal of 277 units by the end of 1990. Increased cooperation with Carlson sister companies Radisson Hotels and T.G.I. Friday's will bring synergies of purchasing, marketing, and R&D. A deal to franchise 200 units in the Far East is under negotiation.

72

PO FOLKS

Nashville, TN

RANK BY UNITS: 82

1988 U.S. Systemwide Sales:	**$162,150,000**
1988 U.S. Systemwide Units:	**141**

Po Folks emerged from Chapter XI bankruptcy this year as a trimmed-down, cost-conscious country chain and had its first profitable quarter since 1985. New president John Scott's priorities are holding down costs and boosting same-store sales, currently trending up 11%. Unit expansion will occur slowly if at all. A new prototype design boosted sales 20% to 30% in four retrofitted stores.

73

BRAUM ICE CREAM STORES

Oklahoma City, OK

RANK BY UNITS: 67

1988 U.S. Systemwide Sales:	**$160,000,000 (E)**
1988 U.S. Systemwide Units:	**210**

The privately held, family-owned company sells ice cream and sandwiches to eat-in, and retails dairy goods, sausage, and fresh-baked items. Arkansas and Missouri stores are new additions to the Southwest regional chain. Plans call for remodeling 15 stores and building 15 new stores per year. The new design will expand seating from 26 to 82 and incorporate a drive-thru window. New on the menu is a prepackaged salad.

74

MRS. FIELDS COOKIES

Park City, UT

RANK BY UNITS: 34

1988 U.S. Systemwide Sales:	**$160,000,000 (E)**
1988 U.S. Systemwide Units:	**550**

Mrs. Fields remains hindered by the difficult absorption of La Petite Boulangerie and by its past real estate errors, which contributed to heavy losses in 1988 and 97 unit closures this year and last. In 1989, a joint venture deal to open shops throughout Europe could not be closed with the food company Mondial S.A. of France.

75

BROWN DERBY RESTAURANTS

Cleveland, OH

RANK BY UNITS: 100

1988 U.S. Systemwide Sales:	**$155,000,000 (E)**
1988 U.S. Systemwide Units:	**52**

The privately held family-oriented chain has an average check of about $8. It features a varied menu of steaks, prime rib, barbecued ribs, fresh seafood, a salad bar, and full liquor bar. The Steakhouse Outlet is a retail operation that sells overstocked steaks, fish, coffee, glassware, and flowers from the restaurants. Expansion is likely in the hometown Cleveland market, as well as Phoenix and Pittsburgh.

76

SBARRO

Commack, NY

RANK BY UNITS: 54

1988 U.S. Systemwide Sales:	**$154,400,000**
1988 U.S. Systemwide Units:	**288**

Sbarro projects 75 to 80 new units this year, 55 to 60 of which will be company-owned, and a similar expansion in 1990. The preferred locations remain shopping mall food courts, but downtown sites are also considered. A freestanding store is in test. New seafood pasta primavera and Alfredo-sauced pasta adds lightness and variety. "White" (without red sauce), spinach, and broccoli pizzas are in test.

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77

MISTER DONUT

(International Multifoods)
Minneapolis, MN

RANK BY UNITS: 39
1988 U.S. Systemwide Sales: $150,930,000
1988 U.S. Systemwide Units: 516

A drive-thru, carry-out-only store was successfully implemented this year, and 15 to 20 more are planned for next year. Buoyed by positive results, ongoing tests of supermarket in-store bakeries will be expanded. Columbo Yogurt is in test in 30 stores, and a franchisee is testing branded products in a 30-unit convenience store chain.

78

CRACKER BARREL OLD COUNTRY STORES

Lebanon, TN

RANK BY UNITS: 97
1988 U.S. Systemwide Sales: $147,823,000
1988 U.S. Systemwide Units: 67

Cracker Barrel's $22 million common stock offering this year fuels its expansion program, which plans 15 new openings in 1990. Its strategy of locating along interstate highways in the heartland and Southeast continues, reaching the Chicago exurbs of northwest Indiana next year. Signatures are ribs, chicken, catfish, and pork chops, served with biscuits, cornbread, and country-style vegetables and side dishes.

79

LEE'S FAMOUS RECIPE

(Shoney's Inc.)
Nashville, TN

RANK BY UNITS: 56
1988 U.S. Systemwide Sales: $145,500,000
1988 U.S. Systemwide Units: 283

Lee's expansion route is via franchising. Fourteen franchised stores and one company store opened this year, and it projects 20 franchised and five company stores next year. Company store sales are trending up by 10.7% over last year, and franchised store sales are up by 7.4%, although high poultry prices have hurt margins. New on the menu are oven-roasted chicken and chicken-fried potatoes, and in certain areas, barbecue ribs and a chicken breast sandwich.

80

MAZZIO'S

Tulsa, OK

RANK BY UNITS: 55
1988 U.S. Systemwide Sales: $145,000,000 (E)
1988 U.S. Systemwide Units: 285

The "upscale" pizza chain promotes the value of its generous portions and reasonable prices (e.g. the "Three Pounder" combo for $9.95) rather than discounts or two-for-one deals. Limited-time pizza promos target adventurous palates, featuring Cajun, ham and cheddar, seafood, and Alfredo sauce toppings. Other mainstays are a food bar with pizza, pasta, and salads.

81

SHAKEY'S PIZZA

(Inno-Pacific Holdings)
Irving, TX

RANK BY UNITS: 62
1988 U.S. Systemwide Sales: $145,000,000
1988 U.S. Systemwide Units: 231

Purchased by Singapore-based Inno-Pacific Holdings this year, Shakey's has a new president/COO in Gene Stone, former chairman of Skipper's Inc. He plans to consolidate the chain's headquarters in San Francisco, where the international branch is located, and develop the company's first corporately owned stores. Expansion will occur mainly on the West Coast. A pizza-by-the-slice concept is in test.

82

WINCHELL'S DONUT HOUSES

(Shato Holdings Ltd.)
La Mirada, CA

RANK BY UNITS: 26
1988 U.S. Systemwide Sales: $145,000,000 (E)
1988 U.S. Systemwide Units: 671

Winchell's is preoccupied with its acquisition by Shato Holdings Ltd., a Canadian restaurant firm, after being sold by Denny's, due to takeover of parent TW Services by Conniston Partners. The deal could bring dollars to the loss-plagued chain for remodeling and new marketing. A new muffin line has done well.

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83

MR. GATTI'S

(LDB Corp.)
Austin, TX

RANK BY UNITS: 53
1988 U.S. Systemwide Sales: $143,000,000 (E)
1988 U.S. Systemwide Units: 325

President L.D. Brinkman's new management team has helped him halt a profit slump and bring about double-digit increases in per store averages. Plans call for remodeling 20-plus units, adding 20 franchised stores, and increasing support for existing franchisees. A new eight-item line of Gatti's Favorites pizzas touts new flavors and more generous toppings. Lunch and dinner buffets are mainstays seven day a week.

84

FUDDRUCKER'S

(daka International)
Wakefield, MA

RANK BY UNITS: 88
1988 U.S. Systemwide Sales: $138,000,000
1988 U.S. Systemwide Units: 117

Fuddrucker's merger last year with contract feeder daka has led to consolidation of its support functions with daka's in Massachusetts—and hopes of a beneficial synergy. Fuddrucker's plans 10 to 15 new units this year, mainly franchised. The upscale hamburger remains the star of the limited menu, although chicken and salads have been added.

85

PAPA GINO'S

Dedham, MA

RANK BY UNITS: 68
1988 U.S. Systemwide Sales: $132,000,000
1988 U.S. Systemwide Units: 207

Papa Gino's upgraded its interior design this year with white-washed oak, neon signs, green marble tables, and art deco wall fixtures. The Creamy Combo, Incredible Cone, and Sundae Supreme—premium soft-serve ice cream items with mix-ins—have boosted incremental sales of dessert.

86

A&W RESTAURANTS

(Taubman Investments Inc.)
Livonia, MI

RANK BY UNITS: 42
1988 U.S. Systemwide Sales: $131,700,000
1988 U.S. Systemwide Units: 476

Following a deal with Minneapolis-based Carousel Snack Bars, A&W will convert more than 220 Hot Dogs and More mall food-court units to an A&W snack concept in 1990. Also next year, 30 new A&W units will be opened, mainly by existing franchisees, primarily in the Midwest and West Coast. Curly fries cooked in all-vegetable oil are now standard chainwide.

87

WIENERSCHNITZEL/ HAMBURGER STAND

(Galardi Group Inc.)
Newport Beach, CA

RANK BY UNITS: 52
1988 U.S. Systemwide Sales: $130,029,000
1988 U.S. Systemwide Units: 328

The "hot dog experts" have a new International Sausages line. The new Italian Slugger (Italian sausage, mozzarella, marinara sauce, bell peppers) joins its signature Polish sausage. The privately-held chain plans to stay regional, opening 10 company stores and five to 10 franchised stores per year. Las Vegas is a new growth market, with two stores opened this year, and two more planned.

88

RUBY TUESDAY

(Morrison's Inc.)
Mobile, AL

RANK BY UNITS: 96
1988 U.S. Systemwide Sales: $128,000,000
1988 U.S. Systemwide Units: 80

The specialty restaurant has been Morrison's focus for growth since it acquired the chain's 18 units in 1982. Part of the appeal: It requires fewer employees and smaller units (4,500-5,000 sq.ft.) than Morrison's cafeterias. In Atlanta and Seattle, Morrison's is testing an approach in malls to capture both lunch and dinner crowds, clustering Ruby Tuesday with its sister specialty restaurants, L&N Seafood Grill and Silver Spoons.

continued on page 164

89

CHART HOUSE

Solana, CA

RANK BY UNITS: 99

1988 U.S. Systemwide Sales:	**$125,000,000 (E)**
1988 U.S. Systemwide Units:	**58**

The nation's first full-service casual dinner-house chain, founded in 1961, operates in 17 states, including Hawaii, plus Puerto Rico and the U.S. Virgin Islands. All but one are company-owned and operated. The company listed a 3.8 million share common stock offering on the New York Stock Exchange this year. Expansion plans call for four to six new units in 1990.

90

KETTLE RESTAURANTS

Houston, TX

RANK BY UNITS: 70

1988 U.S. Systemwide Sales:	**$123,041,000**
1988 U.S. Systemwide Units:	**195**

The company hopes that a management-led stock buyout this year will help it out of a three-year sales slump. Expansion is on hold as the company services debt and restores comparable store sales, which are trending up by 6%. First-ever TV advertising on cable networks touts revised menu and the Four Deuces breakfast combination plate.

91

EL POLLO LOCO

(Coniston Partners)
La Mirada, CA

RANK BY UNITS: 80

1988 U.S. Systemwide Sales:	**$120,900,000**
1988 U.S. Systemwide Units:	**149**

Coniston Partners' acquisition of parent TW Services should bring EPL new dollars for remodeling, marketing, and R&D. Plans call for promotional TV advertising, plus generic "brand sell" of charbroiled chicken. A side salad rollout is EPL's first salad foray. 1990 expansion plans for 75 to 80 new units.

92

YORK STEAK HOUSE

(General Mills Restaurant Group)
Orlando, FLA

RANK BY UNITS: 93

1988 U.S. Systemwide Sales:	**$118,000,000 (E)**
1988 U.S. Systemwide Units:	**100**

As of press time, York Steak House had been sold off in many different directions. Thirty-four were bought by Steak House Acquisitions, a Bonanza franchisee. Five others were purchased by Uno Restaurant Corp., owner and operator of the chain Pizzeria Uno. Both of these companies have plans for conversion of the steak houses.

93

TACO JOHN'S

Cheyenne, WY

RANK BY UNITS: 44

1988 U.S. Systemwide Sales:	**$116,000,000**
1988 U.S. Systemwide Units:	**448**

This year, Taco John's rolled out a chicken menu line. Officials said they are responding to customer concern for choice and also appealing to those patrons who want to reduce their red meat intake. They will be adding approximately 50 new restaurants, putting their total well over 450 by the end of the year. Taco John's is also offering advertising cooperatives; franchisees put up money and are then provided ad materials from the parent.

94

BOJANGLES

(Horn & Hardart Co.)
New York, NY

RANK BY UNITS: 78

1988 U.S. Systemwide Sales:	**$115,000,000 (E)**
1988 U.S. Systemwide Units:	**151**

Bojangles is taking steps to encourage new stability and franchisee harmony. Plans are in motion to open markets in contiguous states, in order to move and strengthen the regional roots it has established. Bojangles reached a set of agreements with its franchisees in an effort to foster growth and sell additional franchises in 1990.

continued on page 166

95

EL CHICO

(EL Chico Corp.)
Dallas, TX

RANK BY UNITS: 92
1988 U.S. Systemwide Sales: $111,504,000
1988 U.S. Systemwide Units: 106

El Chico has added "heart healthy" items to its menu. These include a Rio Grande salad, which contains cooked and chilled chicken and vegetables tossed together, and Red River chicken, a marinated grilled chicken breast with mesquite-grilled vegetables. These items are all low in calories, sodium, and cholesterol. At this time the chain has no plans for expansion.

96

LYONS RESTAURANTS

Foster City, CA

RANK BY UNITS: 98
1988 U.S. Systemwide Sales: $110,000,000
1988 U.S. Systemwide Units: 65

Over this past year, Lyons Restaurants bought itself out from former parent Sara Lee. The family restaurant chain currently has 67 units and plans to open five more this coming year in Northern California.

97

TASTEE FREEZ

(De Novo Corp.)
Utica, MI

RANK BY UNITS: 47
1988 U.S. Systemwide Sales: $110,000,000
1988 U.S. Systemwide Units: 404

Tastee Freez is developing a frozen yogurt line. Also, it has introduced three new ice creams to appeal to the adult taste: Grand Marnier, amaretto, and coffee liqueur. It is also introducing a pumpkin praline ice cream for seasonal consumption. Tastee Freez is also testing a novelty ice cream bar it has trademarked called "Freezee." It is soft-serve ice cream with candy mixed into it, molded, and frozen in stick form, then coated in chocolate.

98

WAG'S

(Marriott Corp.)
Washington, DC

RANK BY UNITS: 94
1988 U.S. Systemwide Sales: $110,000,000
1988 U.S. Systemwide Units: 91

Marriott is in the process of converting its Wag's restaurants into Allie's. At press time, it had already converted 16 in Florida and plans to convert 66 more over the next year. The Allie's concept, a more contemporary family restaurant than Wag's, features a healthful menu that emphasizes grilled rather than fried food items.

99

BLIMPIE

(Astor Group Inc.)
New York, NY

RANK BY UNITS: 50
1988 U.S. Systemwide Sales: $107,400,000
1988 U.S. Systemwide Units: 350

Blimpie introduced a low-calorie menu in June in Atlanta, and is now offering four sandwiches with pita bread and four salads, each under 300 calories, called "Blimpie Lites." They will become a permanent addition to the menu. Also in Atlanta, Blimpie is testing a concept known as the "Fresherie." Designed to appeal to a more upscale market, these stores are located in malls and offer gourmet salads in addition to the regular Blimpie menus.

100

JB'S RESTAURANTS

Salt Lake City, UT

RANK BY UNITS: 90
1988 U.S. Systemwide Sales: $101,000,000
1988 U.S. Systemwide Units: 116

JB's has chosen to call this new fiscal year "the year of consistency." The past two-and-a-half years have been dedicated to renovating the company and developing new systems for operations. It plans to add 8 more units in the coming year.

SANDWICH

MARKET SEGMENT REPORT

Unit growth of sandwich outlets has climbed more than 200% in the past 10 years.

By Jacque Kochak

THERE ARE A MILLION REGIONAL names for the hefty sandwiches that are gaining in popularity across the country as fledgling chains exploit a market niche that promises great potential. They're grinders, or wedges, or hoagies, or poorboys, or heroes, or submarines, or even Blimpies.

They all spell success; the sandwich segment has shown impressive growth over the last decade. Unit growth of franchised sandwich outlets climbed over 200% over the last 10 years, according to the U.S. Department of Commerce. At the same time, sales rose 400% in dollar volume.

"When we started out in 1985, we thought there was a niche to be filled. It's amazing to me that the opportunity was still there then," notes Joe Sanfellipo, president of San Francisco-based O!Deli, a chain of delis that are located in office complexes.

DAZZLING. The company that has particularly drawn attention to the sandwich segment is Milford, CT-based Subway Sandwich & Salad Shops, which has grown faster than any other foodservice system in history. And even competitors are glad to see that dazzling growth.

Just as Pizza Hut educated America about a little-known ethnic specialty with the funny name of pizza, Subway is introducing Americans to submarine sandwiches.

"We like Subway's growth, because it has brought attention to the segment," says Kelly Arnold, national sales manager for Austin, TX-based Schlotzsky's. "I just hope they're as good at servicing the customers as they are at selling franchises. Otherwise, it will be bad for everybody."

Although other operators like the attention that Subway has directed to the segment, they acknowledge that Subway does present serious competition.

"I think that the 'convenience factor' may be taking some business away from us," says Ross Woodard, vice president for Campbell, CA-based Togo's Eateries. "A customer might go to a Subway just because there's always one close by, even if he prefers Togo's."

WHY THE GROWTH? Since the sandwich segment seems to hold so much potential, why has it taken so long for that potential to be tapped? Long dominated by small, mom-and-pop operators, sandwich chains have only developed in the last decade or so. One of the reasons for the current proliferation of sandwich shops is that the price of admission is not high.

"I think people had some doubts about how profitable a sandwich place could be, compared to units in other segments," says Dave Potter of Omaha, NE-based Little King's, a chain of some 100 "hero" shops in the Midwest.

"Pretty soon, people started noticing that a sandwich place doesn't have to be

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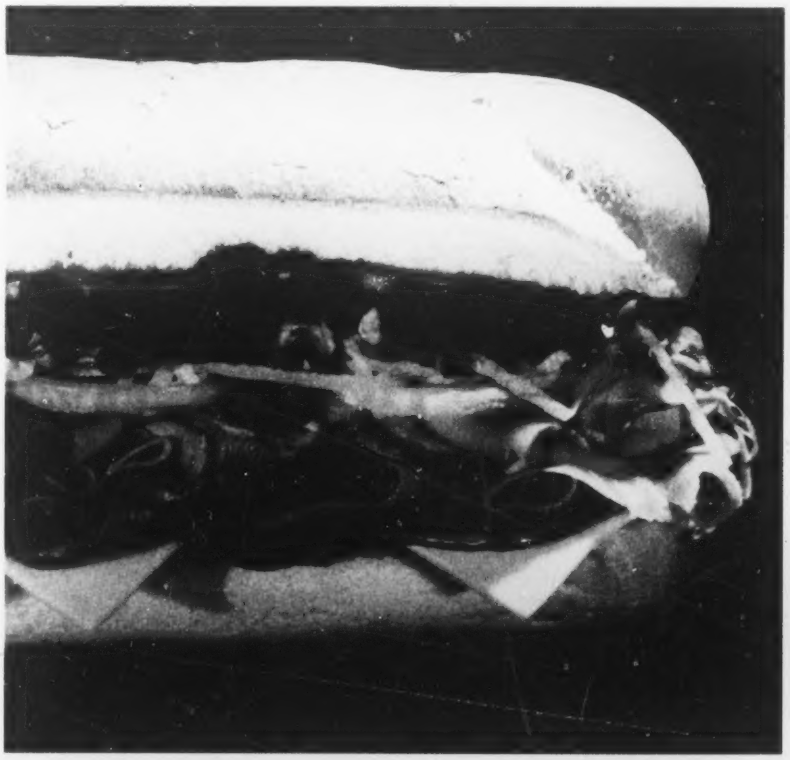

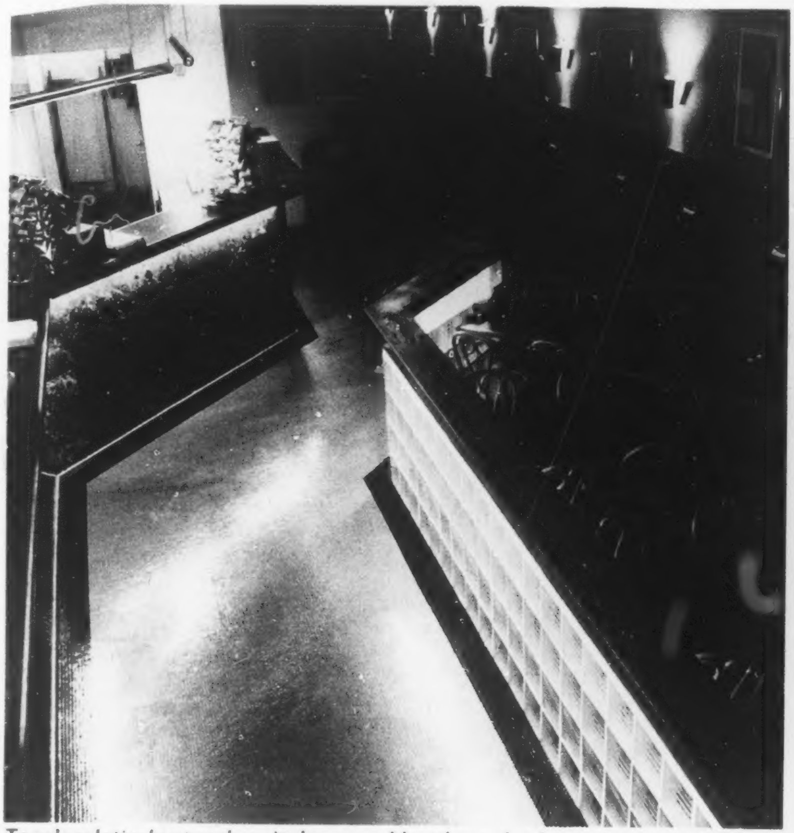

Togo's relatively upscale units have marble, tile, and oak interiors.

4,000 sq. ft. The volume won't be as high, but you can open 10 sandwich shops for the same amount of money that it takes to open one McDonald's. When you look at it that way, sandwich shops can be very, very profitable," he adds.

Potter points out that a sandwich shop can occupy a space as small as 400 sq. ft. in a food court, and that the equipment package for a sandwich shop typically costs much less than for other types of operations.

"People equate making money with higher-volume restaurants. That has made them shy away from the sandwich segment," agrees Schlotzsky's Arnold.

THE OLD-TIMERS. The old-timers in the sandwich segment specialized in hot roast beef sandwiches, and over the years they have increasingly positioned themselves head-on with burger giants such as McDonald's and Burger King. In the process, they have expanded their menus dramatically.

The largest of these is Atlanta-based Arby's, a division of Miami holding company DWG Corp. Arby's today is among the hottest fast-food franchises around, growing 17.4% in sales in 1988. According to the Chicago-based research firm Technomic Inc., that growth rate is third only to Subway Sandwich & Salad Shops and Little Caesars Pizza.

Led by former president Len Roberts, Arby's management team improved sales for the system of 2,100 units by 50%, to $1.2 billion in 1988.

Arby's has been helped by the fact that the public perceives roast beef (and sandwiches in general) as more nutritious than hamburgers. In addition, very few major chains sell roast beef.

At press time, however, Arby's was mired in controversy. Dazzling Arby's has been the lone jewel in the crown of troubled financier Victor Posner, owner of DWG Corp. Two companies owned by Posner are in bankruptcy, and he himself is beset with legal problems, including conviction for income-tax evasion.

All of this has made Arby's franchisees very nervous, and in early September, a group of them put together a $200 million buyout offer for Arby's Inc., the marketing, franchising, and service company.

When Posner rejected the offer, then-president Len Roberts—widely credited with turning Arby's around—resigned as vice chairman and director of DWG. The resignation was accompanied by a written attack on Posner's heavy-handed management techniques, which prompted his dismissal of Roberts the following day.

Soon after, Irving Riese of New York City's Riese Organization was appointed president, a decision that raised eyebrows and caused another furor among franchisees. The Riese Organization is a major real estate company that operates a number of restaurant franchises in the New York metro area. Among them are some of Arby's chief competitors, including Burger King and Pizza Hut. At press time, speculation was rife about what Riese's true role would be and what Posner's true motives are.

LESS TROUBLE. Traveling a less troubled course is Washington, DC-based Roy Rogers, a division of Marriott Corp. The chain, which operates 632 units (238 of them franchised), is firmly entrenched in the Northeast and is currently looking into contiguous markets for expansion.

Roy Rogers, long associated with roast beef, has in the last several years made a concerted effort to move the focus away from that item. "We're working very hard to reposition ourselves as a chicken and hamburger chain, as sales

continued on page 196

of red meat, including roast beef, have declined over the last several years," says Rick Sneed, Roy Rogers' manager of public relations.

In fact, today the majority of Roy Rogers' sales come from fried chicken, followed by burgers, says Sneed. Although Roy Rogers does not divulge sales figures, he says that chicken sales are greater than hamburger and roast beef sales combined.

Such menu diversification has posed problems for Roy Rogers, however. "Roy's has a difficult battle because we are positioned against everybody," Sneed says. "We're pitted against Burger King, Wendy's, and McDonald's on the burger front and against Kentucky Fried Chicken, Popeye's, and Church's on the chicken front.

"Wendy's can come into a market and devote all its media weight to burgers, going head on against McDonald's, while we have to split ours. We do TV promotions for chicken, burgers, and roast beef. So, we can't aim all of our guns at Kentucky Fried Chicken because then we would lose ground on the burger front."

The diversification strategy has paid measurable gains, however. "The industry is having a difficult time right now. We're keeping pace with last year, and our salvation in the current slump is our success with chicken," says Sneed.

THE SUBWAY STORY. The chain that has riveted attention on the sandwich segment is Subway Sandwiches & Salads, which is stunning the industry by opening as many as 100 new units a month. Systemwide sales for 1989 are expected to top $1 billion, and at press time, the current unit count was 3,704. President Fred DeLuca isn't putting on the brakes yet, however.

"I think there's room for about 10,000 stores in the U.S.," he says. "I get that number from the total distribution of McDonald's units. We plan to have 8,000 units by 1995."

Subway's expansion isn't limited to the U.S., however. The chain is also growing in Australia, Canada, Puerto Rico, and the Bahamas. Seventy-five stores have opened in Canada in the last 12 months.

Sandwich shops are attractive to franchisees because they require a low initial investment.

DeLuca says that while Subway's expansion may appear to be dramatically rapid compared to the rest of the franchising industry, the company is actually growing at a somewhat slower rate than it was a couple of years ago.

"In the past 12 months, we've added 1,160 stores, or 50% to the size of the chain," he says. "In 1987, we actually grew 83% in a single year."

DeLuca says that the hardest part of such rapid expansion is training such a great number of franchisees. And, in most areas, a submarine sandwich is a new product and the company has been faced with educating consumers.

"We educate by the most direct route possible, getting people into the store to try the sandwich," says DeLuca. "We often hold pre-opening parties and give out free samples."

Subway stores are now located in all 50 states. Most units are in strip centers, with about 20% free-standing and another 5% to 10% in regional malls.

While Subway shops are perceived as places to go for a cold sandwich, the chain has recently introduced some hot sandwiches that are warmed in a microwave. They are a meatball sandwich, a steak-and-cheese sandwich, and a hot barbecued-beef sandwich.

Will Subway eventually expand its offerings to the point where the original signature sandwich is no longer the center of the menu?

"I think there will be menu evolution, but nothing earth-shattering is on the horizon," says DeLuca.

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The second largest deli-sandwich chain is New York City-based Blimpie Co., a division of the publicly held Astor Restaurant Group Inc. The chain operates some 350 units in 15 states, and president Tony Conza says he wants to open 250 new locations a year in the future.

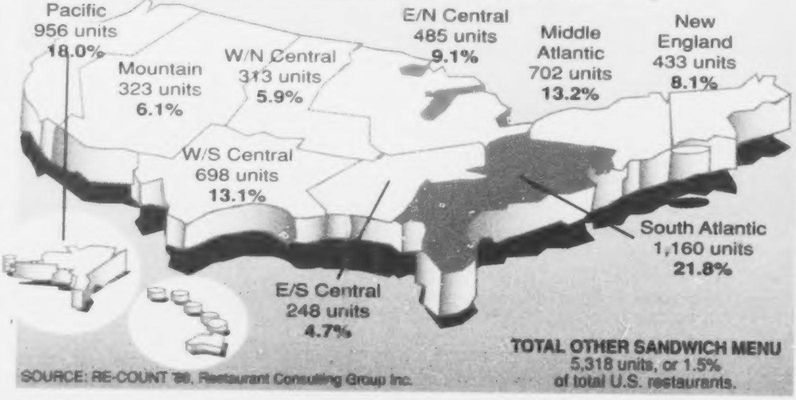
This rapid growth follows a restructuring of the company after an ill-planned expansion thrust in the 1970s.

"We had expanded into a couple of places like Atlanta and South Florida," says Conza. "We thought that we would go national, but we weren't prepared. We ended up with isolated units that couldn't be supplied properly, or given advertising and managerial support."

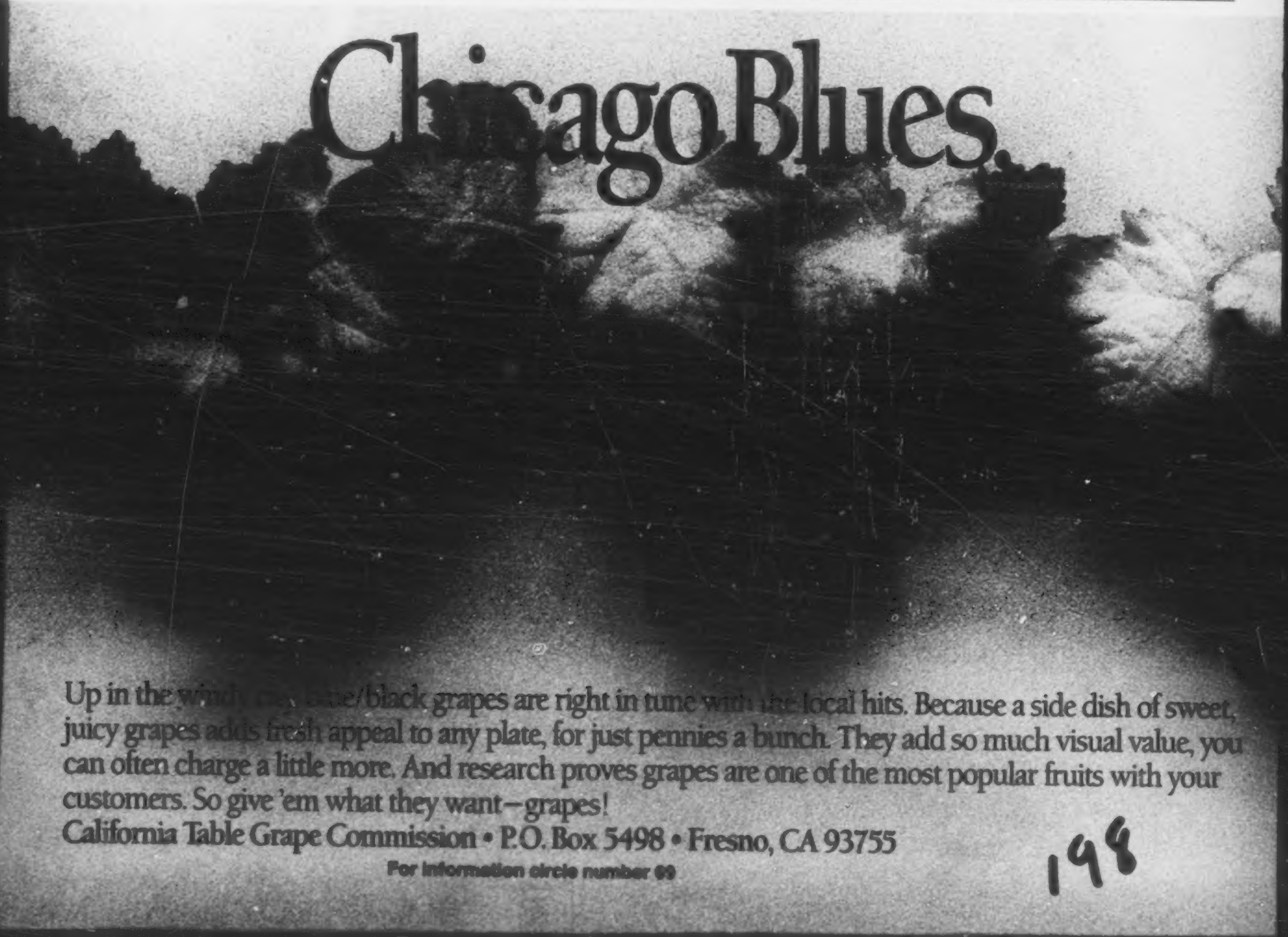
That experience led to a totally dif-

HOW THE SANDWICH SLICES

Distribution of Other Sandwich Menu units by U.S. Census Regions


Pacific
956 units
18.0%
Mountain
323 units
6.1%
W/N Central
313 units
5.9%
E/N Central
485 units
9.1%
Middle Atlantic
702 units
13.2%
New England
433 units
8.1%
W/S Central
698 units
13.1%
South Atlantic
1,160 units
21.8%
E/S Central
248 units
4.7%
TOTAL OTHER SANDWICH MENU
5,318 units, or 1.5%
of total U.S. restaurants.

SOURCE: RE-COUNT '88, Restaurant Consulting Group Inc.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198

ferent expansion approach. "We learned a lesson. Now we don't open individual franchises unless we are prepared to open a cluster," he says. "And we've concentrated our efforts on areas where units are already clustered, like Atlanta."

NEW APPROACH. The new approach involves establishing area distributors who purchase development rights to specific geographic areas; the distributors then act as sub-franchisors responsible for selling franchises and overseeing the entire operation within their own areas. The area-distribution system enables the sub-franchisors to share in the franchise revenues from their territories, thus creating a part-

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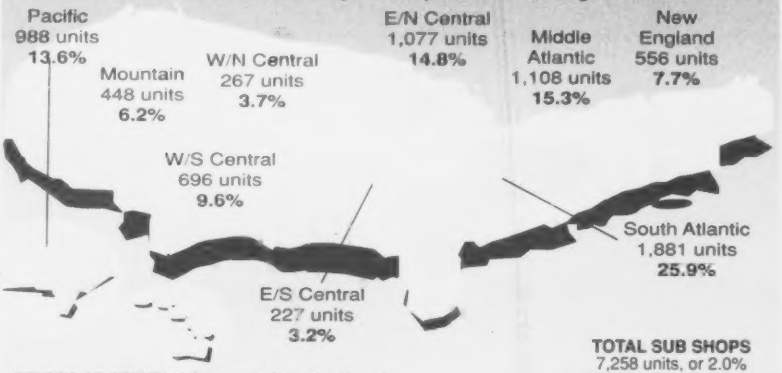
SUBS SELL IN SOUTH

Distribution of Sub Shops units by U.S. Census Regions


Pacific
988 units
13.6%
Mountain
448 units
6.2%
W/N Central
267 units
3.7%
E/N Central
1,077 units
14.8%
Middle
Atlantic
1,108 units
15.3%
New
England
556 units
7.7%
W/S Central
696 units
9.6%
South Atlantic
1,881 units
25.9%
E/S Central
227 units
3.2%

TOTAL SUB SHOPS
7,258 units, or 2.0%
of total U.S. restaurants.

SOURCE: RE-COUNT '88, Restaurant Consulting Group Inc.

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SANDWICH

MARKET SEGMENT REPORT

O! Deli
O! Deli

Rick Cardin, chairman, and Joe Sanfellipo, president, of San Francisco-based O!Deli, a sandwich chain located mainly in office buildings.

Sandwiches attract today's consumer because they are perceived to be very fresh and nutritious.

nership with the parent company.

Thirteen such area distributors have been established so far. Initial expansion will be concentrated in the Northeast, Southeast, Southwest, and California, with the eventual goal of establishing 1,000 units nationwide in five years.

Other steps to support Conza's expansion plans include consolidating deliveries to franchisees, establishing rigid controls over suppliers to ensure product freshness and quality, modernizing the company's computer systems and programs, redesigning store decor to reflect a fresh, contemporary image, and continuing an ongoing development program to encourage the introduction of new concepts, innovations, and improvements throughout the system.

Blimpie was launched in Hoboken, NJ, in 1964. Conza and two friends decided to call their sandwich a hoagie, as in Philadelphia, but they found that Hoboken natives didn't know what a hoagie was.

"We thought that if we had to educate people to what the sandwich was, we might as well have our own name," Conza recalls. The Blimpie is a loaf of fresh Italian bread loaded with cold cuts, oil, vinegar, and spices.

Recently, the menu has been expanded to include several hot items, and this fall, a meatball sandwich and a sausage sandwich have been introduced. Both are warmed in a microwave.

Another addition is the Blimpie Lite menu, under test in Atlanta since June. The four sandwiches and four salads have "more than met expectations," says Conza. Offerings are tuna salad, chicken salad, seafood and crab salad, and turkey with cheese served on a platter or on pita bread. Each item contains fewer than 300 calories, and the menu is endorsed by the Diet Workshop, a large, independently owned weight-reduction program.

Austin, TX-based Schlotzsky's operates 244 restaurants in the Midwest, Southwest, and Southeast, and boasts sales in excess of $50 million. Unit volumes average $300,000 a year. Some 21 of the units are company-owned.

Expansion plans call for saturating those areas, foregoing immediate expansion in the Northeast, Northwest, or California.

Schlotzsky's sandwiches are recognized by customers as unique. They are served on a proprietary sourdough bread baked on premise in a display baking area. Soups and salads round out the menu, with an average check of $4.15.

In selected company restaurants, Schlotzsky's is testing a 13-in. pizza product that sells for $3.89. The pizza will be sold after 4 p.m.

"Our goal is to add incremental sales in the evening," says national sales manager Arnold. "We want to increase profit margins. People don't buy sandwiches after 4 p.m.; 65% of our business comes between 11 a.m. and 2 p.m."

Schlotzsky's are located in food courts, regional malls, and the end bays of strip shopping centers. In the last several months, the company has begun building free-standing units with drive-thrus.

A DIFFERENT APPROACH. Many seasoned businesspeople are eyeing the sandwich segment with interest. Among them are Joe Sanfellipo, president of O!Deli, and chairman of the board Rick Cardin.

Cardin, who holds a Harvard MBA as well as a doctorate, was working as a consultant to major international companies when he decided to go into business for himself. After a good deal of research, he found franchising appealing, then tried to figure out the ideal franchise concept. His research led him to the sandwich shop business.

He teamed up with Sanfellipo be-

continued on page 205

cause of Sanfellipo's extensive background in franchising. Sanfellipo couldn't have been more unlike Cardin; he left home at 16, started several companies, was a millionaire by 24, broke by 30, and a millionaire again by the time he met Cardin.

They decided to open delis that would serve healthy, high-quality sandwiches, soups, breakfasts, and snacks at fast-food prices. They knew that the delis would do most of their business at lunchtime, so they decided to locate primarily in office buildings.

"We have a system to run our delis, so major landlords can open office buildings anywhere in the country and provide an amenity for tenants, without having to worry about negotiating with a mom-and-pop operator at every location," says Sanfellipo.

Office parks provide a selling ground that is virtually devoid of competition, with a large, captive customer base.

And, because of the credentials that O!Deli management people bring to the bargaining table, they are able to coax concessions out of developers.

"An independent operater typically will not be able to get the landlord to build out the space because the developer doesn't know if the independent will be there in three years," says Sanfellipo. "But they know that we will be there for the long term. Sometimes, they build the space out completely and just hand us the key. And a lot of times we are able to negotiate a minimal rent along with a percentage of sales."

Eighteen O!Deli units are now open, 10 of them company-owned. A total of 266 locations are under contract to open, 46 of those by March 31, 1990.

Some 190 of those units have been contracted by Clark, NJ-based Deli-Max, a restaurant management company that will develop the New York metro area.

O!Deli differs from many competitors because units are larger (1,000 to 2,000 sq. ft.) and volumes are higher (about $400,000 a year in new stores).

Sanfellipo says that a chain like Subway is not really O!Deli's competition, either, because O!Deli's choice of locations is so different. O!Deli's major competition is from independents.

Sanfellipo is not shy about saying that O!Deli is in the franchising business rather than in the restaurant business. "We created a franchising concept to fill a niche," he says. "We created a system so others can get into the restaurant business."

REGIONAL OPERATORS. The sandwich segment has proven to be fertile ground for the proliferation of regional operators, from Jreck Subs, based in Watertown, NY, to Jerry's Subs, based in Gaithersburg, MD.

On the West Coast, Campbell, CA-based Togo's Eateries, with 122 units, dominates the California market. Now expansion outside of California is being contemplated, with a new unit just opened in Schlotzsky's home territory of Austin.

"The Austin market looks a lot like the markets in California where we've been successful," says Ross Woodard, vice president. "We see the potential to put in a lot of restaurants, and we think that the Texas economy is healing."

In 1990, Togo's will head for the Seattle market, and continue to expand in California. "But, we're running out of room in California," Woodard notes.

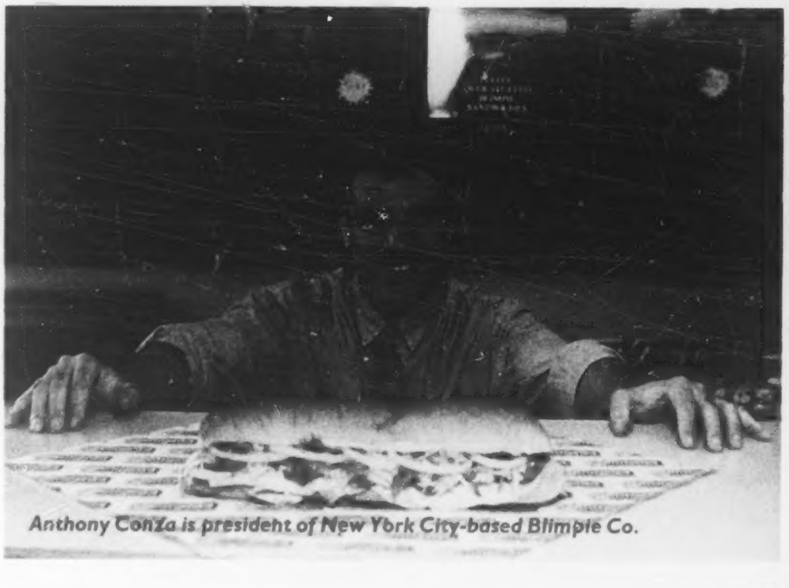
The first Togo's opened near the campus of San Jose State University in 1969, and the present ownership got involved in 1973. Franchising began in 1977.

Togo's serves 30 different Eastern-style sub sandwiches on a 25-in. loaf of sweet French bread. The loaf is cut into a 6-in. portion for a small serving, and a 9-in. portion for a large serving.

Units range in size from 850-sq.-ft. beachfront stores to 5,000-sq.-ft. stores in California's Silicon Valley. Only two units are located in regional malls. "We usually can't afford free-standing units,

continued on page 206

Sandwich shops' low turnkey cost is offset by relatively low average unit volumes.



Anthony Conza is president of New York City-based Blimpie Co.

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SANDWICH

Sandwich shops are typically small units with limited seating space and a relatively simple equipment package.

because California real estate markets are very high, but that is what we would prefer," says Woodard.

Togo's is unusual in that its annual volumes are very high compared to most other submarine shops. Sales are typically about $440,000 per unit, and up to $1 million in large stores.

That emphasis on a higher volume than most of the competition has affected the way that Togo's now views expansion.

"We're selling sandwiches, not franchises," says Woodard. "It takes two or three Subways to make one Togo; if one of our restaurants did Subway's volume, it would close up."

He says that because Togo's break-even point is much higher than some of the competition's, the company has to be much more selective about sites. "It's just a different strategy," he adds. "Subway's looking for expansion, we're looking for high volume."

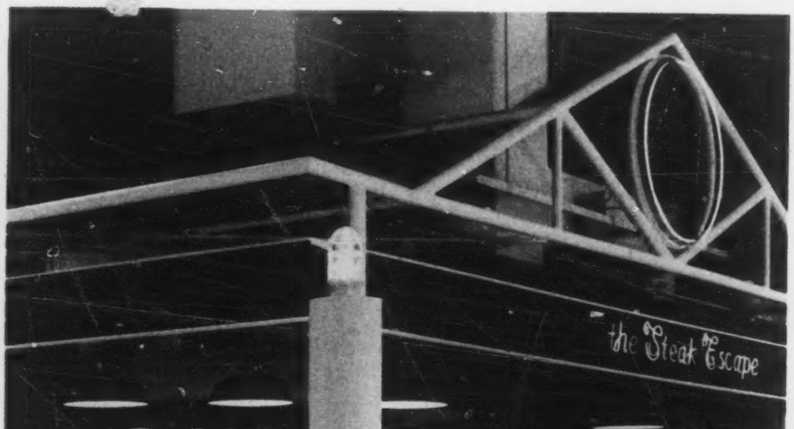
Even with slow expansion, Togo's showed a 15.6% increase in sales from 1988 to 1989. Total systemwide sales for fiscal 1989, which ended in June, reached $55.5 million.

Togo's is also distinguished by more upscale units, which have marble, tile, and oak interiors.

Little King's now operates 100 units in 17 Midwestern states. Thirty units are company-owned, with 70 fran-

continued on page 208

SANDWICH MARKET SEGMENT REPORT



Columbus, OH-based Steak Escape operates 54 units in 19 states and one in Japan.

Subway is the fastest-growing chain, opening as many as 100 units a month; 1989 sales may top $1 billion.

chised. Expansion plans call for eventually moving out of the Midwest.

Little King's specializes in a "hero" sandwich made to order in front of the customer. Average check is $4.

"Most people can't eat hamburgers every day, but the possibilities are endless with 15 different kinds of sandwich meat," says vice president Potter.

He adds that sandwich chains benefit from the customer's perception that sandwiches are fresh and healthy, if not low in calories. Little King's also offers a Lite menu with four sandwiches and three salads, with fewer than 300 calories each.

Units are typically located in strip centers or food courts. The end bays of strip centers are especially desirable because drive-thrus can be installed; some 50% of Little King's business comes from take-out.

Potter heartily agrees that the sandwich segment holds a great deal of room for expansion. "There's definitely a lot of room," he says. "Look at the number of units of other fast-food players, and remember that sandwich chains are drawing from the same population base."

PHILLY CHEESE STEAKS. Besides submarines, customers nationwide are being introduced to Philly cheese steak sandwiches by several growing chains. The Philly cheese steak sandwich, reportedly born during the Depression, consists of thin-sliced steak cooked on a very hot grill with oil, onions, mushrooms, and green peppers, topped with provolone cheese, and served on a hoagie roll.

Philly cheese steak shops require more equipment than the typical sub shop, so opening costs can run as high as $225,000. Yearly volumes are also higher, however, running between $400,000 and $500,000.

"A franchisee can get one of our stores turn-key for around $170,000, compared to $80,000 to $90,000 for a Subway shop," says Nicola J. Lanni, president of the Great Steak & Fry Co., which operates Philly cheese steak shops in regional malls nationwide. "But our return is about 20%, compared to 10% for a Subway. That's more bang for your buck."

The Great Steak & Fry Co., based in a suburb of Dayton, OH, owns nine

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SANDWICH

MARKET SEGMENT REPORT

TOP SANDWICH CHAINS

	1988 Systemwide Sales	Avg. Unit Volume
Subway Milford, CT 3,704 units	$1 B	$225,000
Blimpie New York, NY 350 units	$120 M	$325,000
Togo's Eateries Campbell, CA 122 units	$55.5 M	$440,000
Schlotzsky's Austin, TX 244 units	$50 M	$300,000
Little King's Omaha, NE 100 units	N/A	N/A

units in Dayton and Cincinnati, and franchises 58 units in 15 states.

Franchisor Nicar Management, headed by Lanni, is especially picky about locations for its units. Food courts in regional malls are preferred locations, and Lanni says that with average unit volumes of $450,000, Great Steak & Fry units are among the top three grossing businesses in a food court.

Lanni adds that Nicar won't expand outside of regional malls. "We're not going to build 2,000 units, because we won't go out on the street," he says.

Great Steak & Fry units typically occupy 450 sq. ft. in a food court, or up to 3,000 sq. ft. when seating is included.

continued on page 214

> In addition to subs and roast beef, the segment includes concepts that feature Philadelphia-style cheese steaks.

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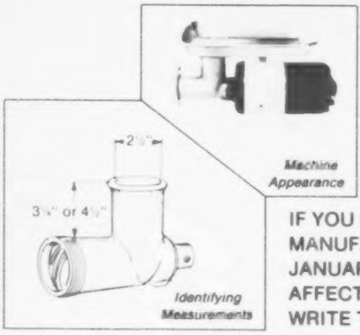

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Food courts are preferred.

The cheese steak sandwich is made of thinly sliced top sirloin, stir-fried on the grill in full view of customers, then served on a freshly baked bun with fresh mushrooms and peppers. The company also serves a stir-fried ham sandwich with crushed pineapple and Swiss cheese, a stir-fried chicken Philly with Swiss cheese, and a turkey breast sandwich.

"When we opened in 1980, we thought the sandwich segment was a great window of opportunity," says Lanni, who brought with him 15 years of experience in the foodservice industry. "So we took the basic steak sandwich that is served all over Canada, took away the tomato sauce, and garnished it like a hamburger. At that time, there were just not a lot of upscale, cook-from-scratch sandwich shops in Dayton."

The company started franchising five years ago. By 1987, systemwide sales had reached $7 million; that figure doubled in 1988, and is projected to reach $18 million for 1989.

Another company specializing in cheese steak sandwiches is Columbus, OH-based Steak Escape, with 54 units in 19 states and one in Japan. Only two units are company-owned, the rest franchised.

Some 90% of units are located in food courts, either in regional malls or mixed-use projects. Units are 600 to 900 sq. ft. in size, with an average volume of $450,000. Systemwide sales in 1988 reached $18.5 million.

The Steak Escape was founded in 1982 by two Easterners, both of whom had been raised on cheese steak sandwiches. They couldn't find their favorite sandwich in Columbus, so they opened a unit without intending to expand. In 1983, the first franchise was sold.

Growth has been steady but not spectacular, an expansion style that will continue in the future. Some 65 units should be open by the end of the year, says director of marketing Carm Bonaventura.

THE FUTURE. Is there room in the sandwich segment for all the emerging

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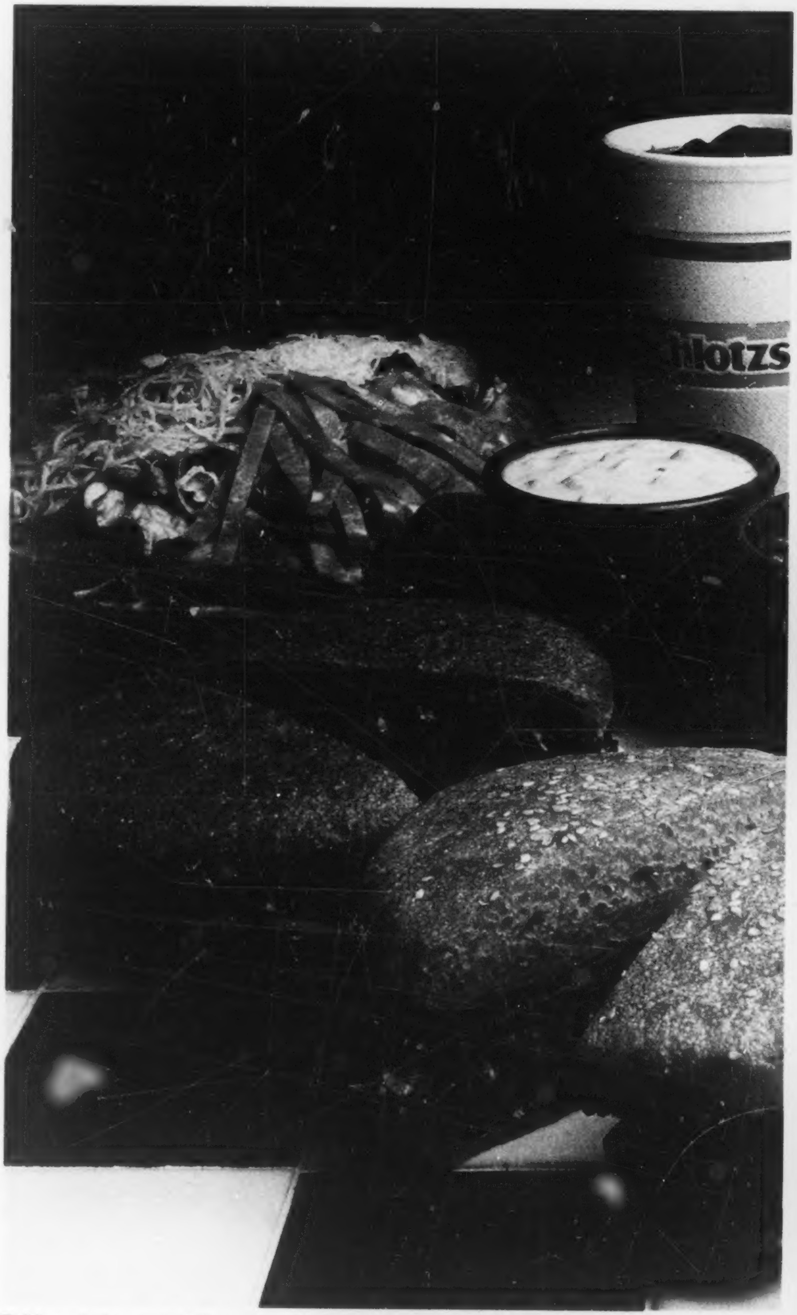

Schlotzsky's sandwiches are unique; they are served on a proprietary sourdough bread baked on premise in a display baking area.

Roy Rogers serves chicken and burgers, as well as roast beef sandwiches.

companies vying for a piece?

"I think a lot of companies will eventually fall by the wayside," says Subway's president DeLuca. "But I don't have a good feel for who will do well and who won't."

Nevertheless, a great deal of growth still seems possible in the sandwich segment, if operators are willing to settle for volumes that are lower than some of the traditional fast feeders. It seems that sandwiches will continue to benefit from the trend toward healthier eating.

"In America today, there aren't many new fast-food customers. They're all just moving around," says Blimpie's Tony Conza. "Now the public is realizing that sandwiches are a good, healthy alternative." ■

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MARKET SEGMENT REPORT **FAMILY STYLE RESTAURANTS** 159

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Restaurant Business

A BILL PUBLICATION

DECEMBER 10, 1989

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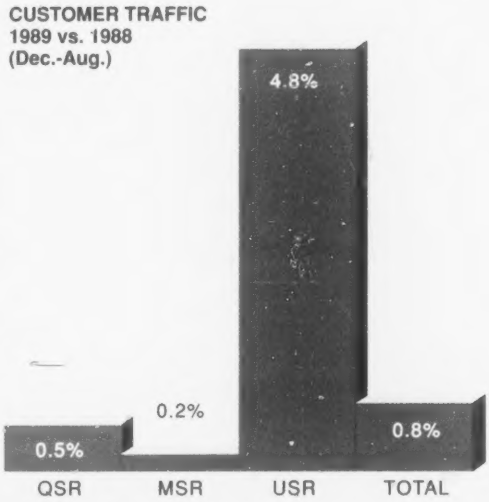
PRESIDENTS FORECAST

ROUNDTABLE PARTICIPANT BUD RUSITZKY, PRESIDENT, SERV-RITE CORP., AND CHAIRMAN, NATIONAL RESTAURANT ASSOCIATION

THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER


CUSTOMER TRAFFIC
1989 vs. 1988
(Dec.-Aug.)

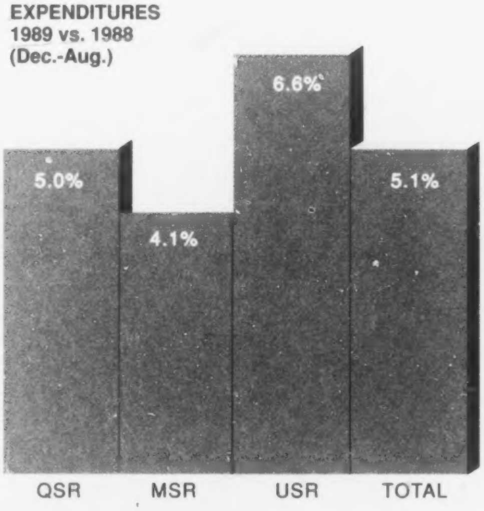
Heavy Traffic

Traffic counts for the nine months ended August 1989 were up a strong 4.8% at upscale restaurants over the same period a year ago, according to GDR/CREST, a service of NPD Research.

Meanwhile, both quick-service and midscale operators had to struggle with nearly flat traffic counts of 0.5% and 0.2%, respectively.

During that same period, the market as a whole was also flat. Total customer traffic for the restaurant industry increased only 0.8%.

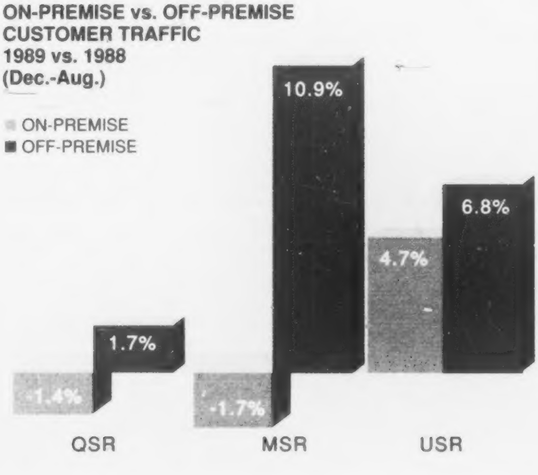
SOURCE: GDR/CREST


EXPENDITURES
1989 vs. 1988
(Dec.-Aug.)

Expenditures Climb

With the largest gain in customer traffic, upscale operators enjoyed a moderately strong 6.6% increase in expenditures. Quick-service restaurants, despite sluggish traffic counts, were nonetheless able to achieve increased expenditures of 5.0%, indicating that much of this increase is due to price increases. Similarly, expenditures at midscale restaurants increased 4.1% for the first three quarters of 1989 versus the same period a year ago. Expenditures at all restaurants climbed 5.1%.

SOURCE: GDR/CREST


ON-PREMISE vs. OFF-PREMISE
CUSTOMER TRAFFIC
1989 vs. 1988
(Dec.-Aug.)

Take-out Driving Traffic

While overall customer traffic was up 0.8%, take-out has clearly been driving customer counts. In the quick-service segment, less than 40% of all customers eat on-premise: off-premise dining grew by 1.7%, while on-premise dropped by 1.4%. The trend was even more apparent at midscale restaurants, where on-premise dining declined by 1.7% but take-out traffic jumped 10.9% versus a year ago.

Off-premise dining now represents more than 16% of traffic at midscale restaurants. Upscale operators enjoyed both a 4.7% increase in on-premise and a 6.8% rise in take-out.

Off-premise, however, represents only 7% of all traffic at upscale restaurants.

SOURCE: GDR/CREST

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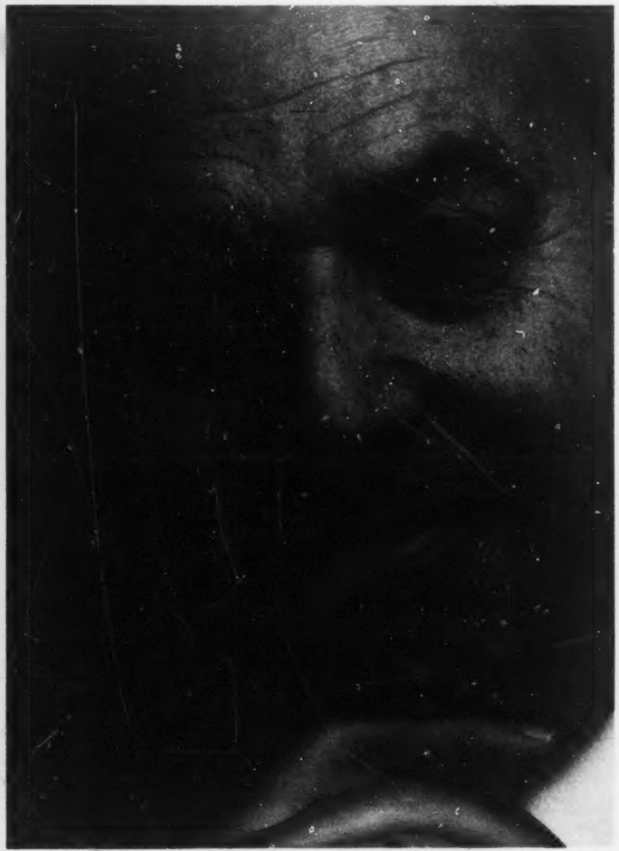
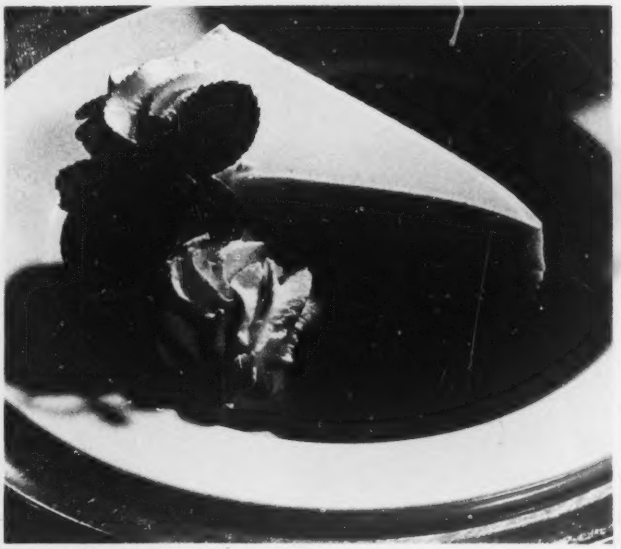


COVER STORY: ***Presidents' Forecast, page 111.***



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PRESIDENTS FORECAST. *Restaurant Business* magazine's Presidents Forecast 1990 was a no-holds-barred think-tank comprised of top industry leaders. The scope of the discussion included such issues as government legislation, market saturation, the economy, shifting consumer demographics, menu development, the labor shortage, and food safety 111

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Results of the *Restaurant Business*/Deustch, Shea & Evans exclusive **MANAGEMENT CAREER SURVEY** were published in the *Restaurant Business*. The full text of the 40-page report is now available for $45. Direct inquiries to: David Warhaftig, DS&E, 485 Fifth Ave., New York, NY 10017; (212) 687-8100.

The second annual **CENTER-OF-PLATE** Foodservice Conference for Operators, Distributors, Meat Packers & Processors will be held in Chicago April 2 to 4. For more information, contact Hilarie Hoting, AMI, PO Box 3556, Washington, DC 20007; 703-841-2400.

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CUTTING-EDGE CUISINE

The next decade will bring a continuing surge of restaurants that have gone beyond specializing in authentic dishes; now the emphasis is on using exotic ingredients. This article takes a comprehensive look at the influence of ethnic cuisines on upscale, midscale, and fast-food menus.

MENU IDEAS

PASTA

Because of its marketable appeal, this versatile low food cost item continues to show up on every table, adapting to myriad cross-cultural and ethnic influences.

MARKET SEGMENT REPORT

HAMBURGER

As the major players continue to play hardball and regional chains vie for market share, the burger remains an American favorite.

SPECIAL FEATURE

TURNAROUND STRATEGIES

Former McDonald's, Burger King, and Pepsico guru Donald Smith has tripled the profits of Perkins family restaurants over the past three years. His recipe for turnaround success involves such human resources programs as improved franchisee relations, and more training of managers and employees. On the Independent side, Walter Conti, who secured his stellar reputation at the Conti Cross Keys Inn in Doylestown, PA, has turned around the Pipersville Inn. He was able to transform it into a successful operation, grossing nearly $1 million this year.

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MARKET SEGMENT REPORT

FAMILY STYLE
RESTAURANTS

Although traffic counts are flat, changing customer demographics point toward a brighter future.

By Kevin Farrell

The family restaurant segment has faced many challenges in recent years. Traffic counts have been flat, due in large part to intensified competition from fast-food chains on one side and midprice casual-theme restaurants on the other. Competition within the midprice segment is intense, as well. This has forced increased emphasis on offering customers more variety and good price/value.

Meanwhile, family restaurants have not taken advantage of the additional revenue opportunities from take-out sales. The segment has also been rocked by takeovers and mergers that involved many of the major players, moves that caused a certain amount of turmoil and disruption.

The upside is that the midprice family restaurant segment is well positioned for the future. Its two major customer bases—families and seniors—are segments of the population that are expanding. This should fuel traffic count increases well into the future.

Most chains are taking hard looks at their menus, adding items to broaden appeal and extend into other dayparts; yet, at the same time, they are deleting poor sellers to streamline operations. And remodeling efforts aim at moving the chains into the '90s with bright and contemporary decor.

CHALLENGES. "We've got fast-food chains breathing down our necks," says Clark Jones, founder and chairman of 120-unit JB's Restaurants based in Salt Lake City. "When they offer omelet sandwiches for breakfast, the chains are taking our traditional customers."

The fight for market share is intense. "Our figures show that breakfast

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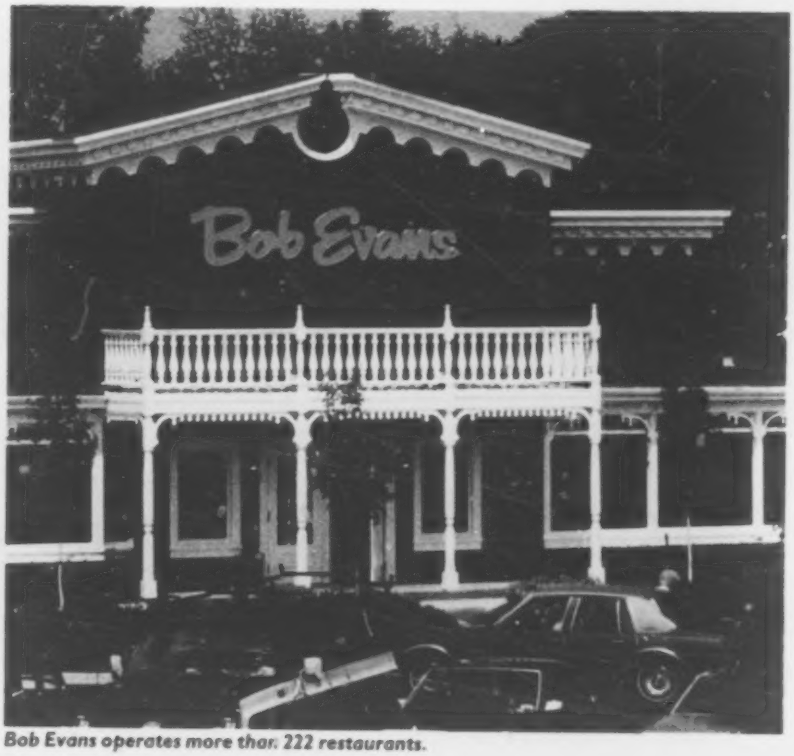

Bob Evans operates more than 222 restaurants.

International House of Pancakes offers a new line of chicken breast sandwiches with various toppings. The addition was created to capture lunch business.

sales—our major meal period—are declining," says Jon Ostrov, vice president of marketing for Country Kitchen, a division of Minneapolis-based Carlson Companies. "We're searching for a new base, as a market segment and as a chain."

According to CREST, a service of NPD Research, Park Ridge, IL, traffic at midprice family restaurants has been flat for the period August 1988 to August 1989. Prices in this segment have risen about 4% in the last year—roughly corresponding to the U.S. inflation rate.

Most executives agree that price increases have nearly reached the limit, at least for now.

"We're overbuilt, it's that simple," says Bob Wood, executive vice president and chief operating officer of the restaurant division of 222-unit Bob Evans Farms, based in Columbus, OH.

Because the bulk of the customers are families and seniors on limited budgets, price/value is of paramount importance.

PRICE/VALUE. "We have to face the fact that this market is about price/value, more than other factors," says Steve Petisse, vice president of marketing for North Hollywood, CA-based International House of Pancakes (IHOP). "The store design, the menu, and service are all important, but the price/value perception is critical."

"Because we're balanced between the fast feeders on one end and the casual restaurants on the other, our pricing strategy is important," agrees Ostrov. "Of course, it depends on the individual market. We have more flexibility in some markets than in others. But, we really have to hold the line on prices and stay with our competitors. If we get even a little out of line, we can get into trouble."

"Obviously, pricing is a very sensitive subject for our chain," says Jones of JB's. "Whenever we raise prices, we always lose a certain percentage of business, so it is imperative that we hold the line. We were forced into one small increase—in the 3%-to-5% range—this year, and we anticipate another in 1990.

Another disadvantage for midprice family restaurants is that, for the most part, they are unable to take advantage of the additional revenue opportunities from take-out.

"It's true that we can't be experts at the take-out business," says Jones. "But, for the customers who come inside our restaurants, we offer speedy service and a friendly face to greet and wait on people."

"With our menu and table service, it is virtually impossible for us to capitalize on the take-out trend," admits Wood of Bob Evans.

"Take-out is not a priority for us," says D.W. Evans, chairman and CEO of Cracker Barrel Old Country Stores Inc. "We have it, but we don't promote it." Cracker Barrel's research indicates that its customers like to sit down and enjoy their meals. "Our research shows that some consumers feel that our competitors are rushing them through the meal," says Evans.

TURMOIL. Compounding existing uncertainties, this market segment has endured a certain amount of merger and acquisition activity in recent years. Segment leader Denny's was purchased by a 54-member team of managers in 1986. Then, it became a takeover target, pursued by many of the big names in the industry. Denny's was eventually sold to TW Services, the owner of Spartan Food Systems, the number-two Hardee's franchisee, and Quincy's Steak Houses. TW Services was subsequently acquired by Coniston Partners.

Friendly Restaurants, a regional chain based in Wilbraham, MA, was bought by Perkins earlier this year. The chain is now being integrated into that system.

CoCo's, originally part of the Grace Restaurant Group, is now owned by Restaurant Enterprises Group Inc. Bakers Square and Village Inn are both now bouncing back after parent VICORP Denver finally managed to absorb some troublesome acqusitions—including a number of old Sambo's locations. IHOP has become employee-owned, while keeping up its string of 80-plus "up" quarters.

All this action has increased competition but has also fueled consumer confusion and management turnover—both serious difficulties in any market segment. But, they are especially so in one as volatile and competitive as the family restaurant segment.

Most analysts and executives are optimistic about the future of the family

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market segment. "We think that the midprice family restaurant is capturing customers who went to quick-service restaurants in the past," observes Dave Jenkins, vice president of marketing for NPD Research. "Many of these chains are successfully appealing to younger families—people who have grown up on fast food."

"In the past, we had been squeezed by fast food and casual restaurants, but I think we are emerging from that competitive disadvantage," claims IHOP's Petisse. "If we listen to our customers' wants and needs, we'll continue to be strong for at least 20 years."

The customer bases that these chains cater to are rapidly increasing. By offering full meals at reasonable prices, family restaurants have traditionally attracted older customers. The 65 and older population is growing quickly. It increased by 25% between 1980 and 1987, and it will continue to grow through the year 2020, according to the National Restaurant Association (NRA).

While the graying of America bodes well for these restaurants over the long term, the short-term future of the family segment clearly lies with young families who have grown used to eating out and are looking for a good and reasonably priced dining experience.

CUSTOMER BASE. Says Petisse of IHOP, "We're seeing a real change in our customers. Some people think all our customers are over 65, but that's far from the truth. There are more young couples with kids. The bulk of our business is in the 25-to-55 age group."

The segment has to compete with fast-food chains for customers.

Breakfast is an important daypart for Cracker Barrel.

"Cracker Barrel's customer base is so diverse that it is unfair to characterize it in any one way," says Evans. Cracker Barrel garners over 21% of its consumers from the $55,000-plus income level.

CREST figures indicate that a preference for midscale dining increases with age. While the midscale segment captures approximately 21% of dining-out occasions in the 35- to 44-year-old age group, it provides 42% of the meal occasions for people aged 56 to 74, and 45% for consumers above the age of 75.

Jenkins indicates that these demographic patterns are favorable, but midscale restaurant chains must adapt to changing needs. "There are more younger families who are a sophisticated customer base. They want more exciting cuisine."

The CREST study that pinpointed the increased interest of seniors in midscale dining also asked about menu preferences. They voted for nonfried fish, poultry and potatoes, salads, vegetables, soups, and nonfrozen desserts. Not coincidentally, these are the kinds of menu items being added to midscale family restaurant bills of fare.

TARGETING MENUS. Indeed, the battle for market share is being fought on menus. Some chains have eliminated menu items—even in the face of protests from loyal customers.

"Our menu had gotten too top-heavy and overly complicated," says Wood of Bob Evans' menu. "We had to make some subtractions, as painful as that might be."

Others agree that it is exceptionally

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hard to remove an item from the menu once it gets on. Menu items develop constituencies very quickly, and removing an item can be more trouble—in a public relations sense—than it is worth.

Denny's, with 1,200 units in 40 states, has reduced its menu by 25% over the last year, according to Sue Henderson, vice president of advertising and promotion for the Irvine, CA-based chain. A new menu was rolled out systemwide last October. "If you looked at this menu, you might think that we have expanded our offerings, but we haven't," says Henderson. "There is more variety achieved using fewer ingredients."

Denny's new menu is 10 pages long, with four sections of color photographs. The main sections are "Day Breaks" breakfast fare; "Soups, Salads, & Sides"; "Sandwich Specialties"; and "Dinner At Denny's. Prices range from 70¢ (for applesauce) to $7.95 (for a steak and shrimp entree).

IHOP has made numerous changes to its standard menu over the last three years. "Our menu has what we call 'treat appeal'," says Petisse. "We're marketing items that are available only at IHOP."

The major menu item added by IHOP in line with this marketing strategy has been its "harvest grain and nut pancakes," with five different grains and three kinds of nuts. After three years of development, the pancakes have now been rolled out to 98% of the chain. Although priced higher than most IHOP items, the pancakes are selling well, Petisse claims. "These cakes sell for $3.35 to $4.00, depending upon the market," says Petisse. "But they have met with virtually no price resistance." The new pancakes are aimed at IHOP's core breakfast customer. But they were also designed to attract new patrons.

Another addition is a line of chicken sandwiches. "We offer a standard chicken breast plus a choice of toppings," says Petisse. Cheese, bacon, avocado, and other toppings are available, for prices ranging from $4.25 to $5.45. The chicken sandwiches were added to boost lunch business, which Petisse claims has been accomplished.

For Bob Evans, the question of menu tinkering is especially touchy, because of customer loyalty. "About 26% of our customers eat at our restaurants once a week," says Woods. "That's an incredible percentage of repeat business. But it has a downside as well. With that kind of loyalty, it is difficult to change anything without alienating a segment of our customer base."

Bob Evans has made menu changes in recent years, and reformulated some standard products. "Clearly, we're not a leader in this area," says Wood. "With our geographic locations and our brand loyalty, we are more likely to follow changes in the marketplace than lead them," he admits.

However, Bob Evans is moving in the direction of a healthier, more nutritious approach. The chain added charbroiled catfish to the menu. It also offers healthy breakfast fare such as egg substitutes and hot oatmeal.

This segment's customers are very concerned with price/value.

Country Kitchen has upgraded its menu development process and given it top priority. "We needed to change our menu more to keep up with consumer

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Country Kitchen has upgraded its menu development process.

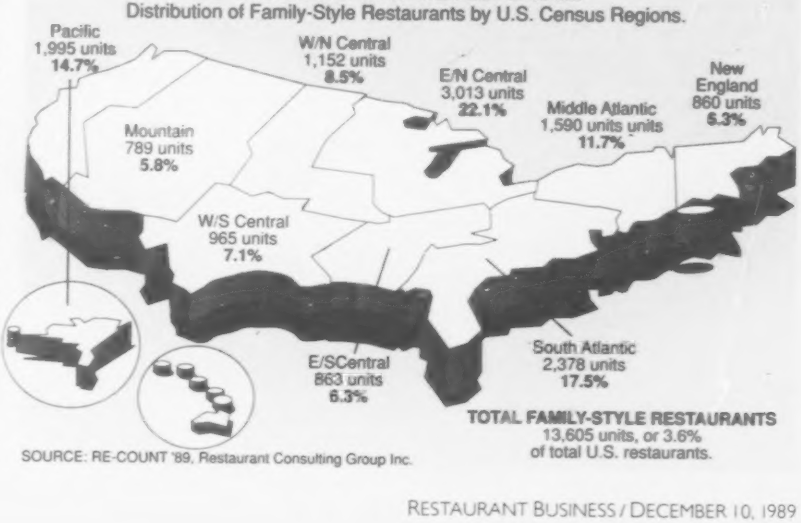
demand," Ostrov says. "We're aiming at changes every six months." Country Kitchen tries to predict what consumers in its markets will be looking for two years from now and "backs up" the menu development process from there.

"For example," says Ostrov, "Let's say that for spring 1991, we have menu 'slots' that we think will be taken by combination dinner platters. We'll formulate some potential products—which we probably already have in the works—and begin to test them." That process includes focus groups, menu product screenings, testing various formulations, getting suppliers to provide differing grades of ingredients for taste and quality tests, in-store testing, comment cards in stores, and checking for operational feasibility.

"This is more sophisticated than we

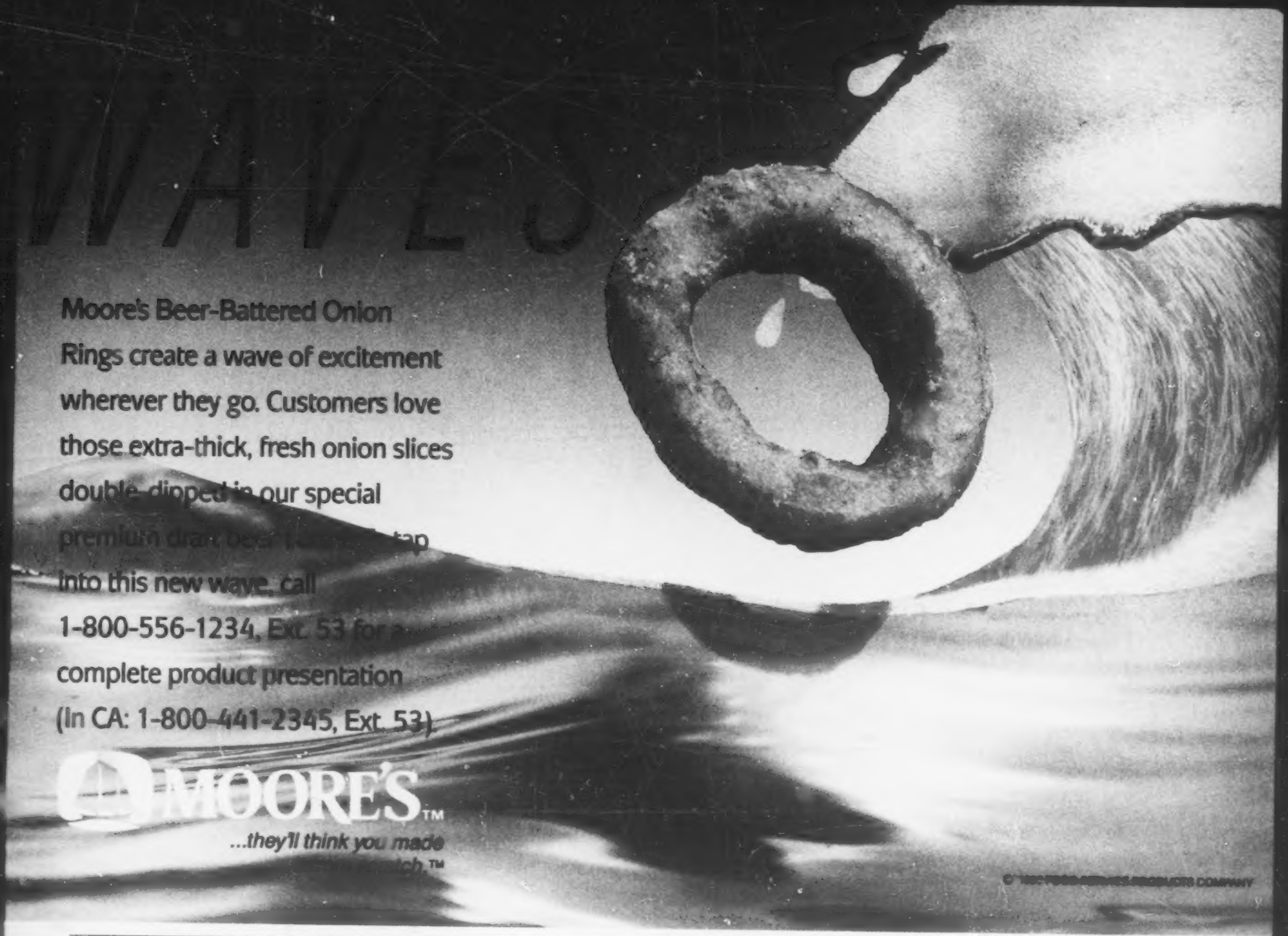
WHERE FAMILIES DINE

Distribution of Family-Style Restaurants by U.S. Census Regions.


Pacific
1,995 units
14.7%
W/N Central
1,152 units
8.5%
E/N Central
3,013 units
22.1%
Middle Atlantic
1,590 units units
11.7%
New England
860 units
6.3%
Mountain
789 units
5.8%
W/S Central
965 units
7.1%
E/SCentral
863 units
6.3%
South Atlantic
2,378 units
17.5%

TOTAL FAMILY-STYLE RESTAURANTS
13,605 units, or 3.6%
of total U.S. restaurants.

SOURCE: RE-COUNT '89, Restaurant Consulting Group Inc.



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TOP FAMILY-STYLE RESTAURANTS

	1988 Sales	Units
Denny's Irvine, CA	$1.3 B	1,234
Big Boy Warren, MI	$1.0 B	950
Shoney's Nashville, TN	$750 M	643
Friendly Wilbraham, MA	$600 M	848
Perkins Memphis, TN	$375 M	341
IHOP North Hollywood, CA	$291 M	448
Bob Evans Farms Columbus, OH	$285 M	221
Waffle House Norcross, GA	$250 M	650
Marie Callender Orange, CA	$245 M	148
Village Inn Denver, CO	$232 M	256

have been in the past," claims Ostrov, "But the market is so much more competitive, that we've had to respond more effectively."

Ostrov is reluctant to provide specific details on menu items in test, but he says that a new menu will be introduced in early 1990. Country Kitchen's new menu is designed to offer more variety but actually has fewer items than past menus.

Some family restaurants have found success by focusing their menus on one item. One such operation is Zehnder's in Frankenmouth, MI.

The family-operated family restaurant is well-known for its chicken-dominated menu. It sells over 11 tons of chicken per week, according to Albert Zehnder, executive vice president.

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Zehnder's "flagship meal" is the family chicken dinner, an all-you-can-eat meal of fried chicken with all the fixings.

This large independent operator serves about 1 million customers a year, garnering $12 million in annual sales. Besides the main restaurant, Zehnder's also operates a 125-seat coffee shop.

Because they are in competition with the casual-theme restaurants that occupy the price niche right above them, family restaurants have had to upscale their decor as well. Lighter, brighter, more accessible units are what chains like IHOP, Denny's, Country Kitchen, and Cracker Barrel are building today.

Five hundred-unit IHOP is moving away from its small A-frame buildings set on small parking lots and is building upscaled units with 150 seats in many new locations. The chain is also refurbishing existing units in an attempt to expand older sites.

Denny's is remodeling, too, according to Henderson. "Within five to seven years, we will have remodeled 75% of the chain," she says. "And, by then, we'll probably be ready to start over again. The remodeling program is currently on schedule."

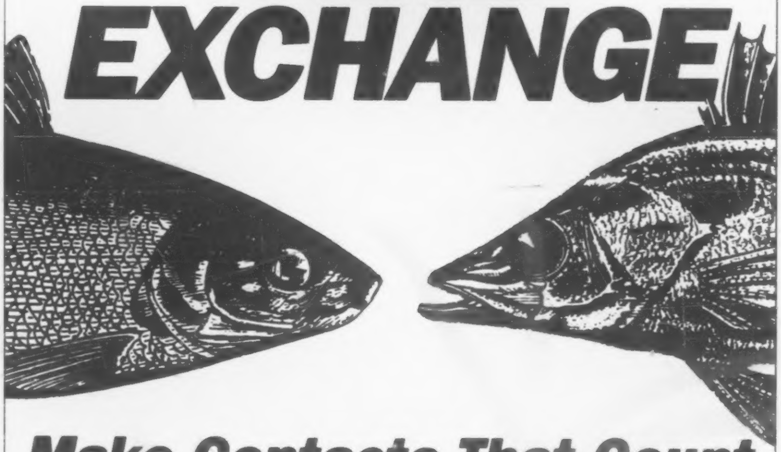
Country Kitchen has just unveiled a new unit with a "residential" look, according to Ostrov. It was developed in concert with a committee of subfranchisors, who are particularly powerful in the Country Kitchen organization.

"They are the ones who will pay to build it and who will operate it, so it certainly makes sense that licensees have a say in what it will look like," says Ostrov. "We were trying to capture a more contemporary, but still 'countrified' look with more 'curb appeal'."

Ostrov is unwilling to describe the unit in more detail, pending final approval by the licensees, but he is confident that the chain will begin building the new stores in 1990.

Although the demographics bode well for midprice family chains and independents, many challenges remain. Those operations that offer friendly service, good price/value, and contemporary menus and decor will continue to profit well into the future.

Many chains are changing menus to broaden their customer appeal.



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MARKET SEGMENT REPORT **HAMBURGER** 89

C1200-SA

Restaurant Business

A BILL PUBLICATION

JANUARY 1, 1990

TURNAROUND CLOSE-UP:
PERKINS' GAMBIT PAYS OFF

INDEPENDENT ST★R:
CONTI SHINES AGAIN

MENU IDEAS:
PASTA'S EXOTIC TWIST

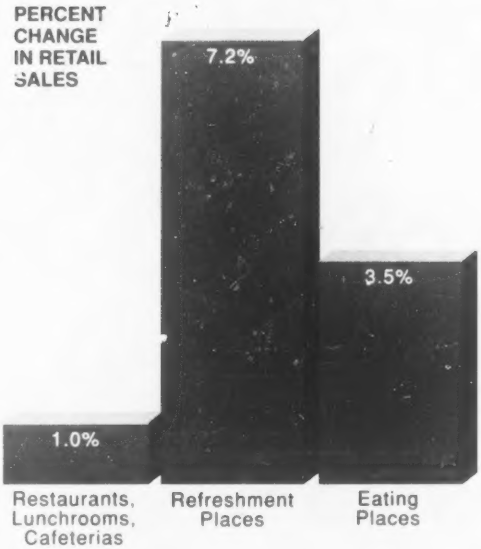
LATELINE:
DUNKIN' DONUTS
CLAIMED

City Block's
salad with fried
wonton skins

CUTTING-EDGE CUISINE

THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER



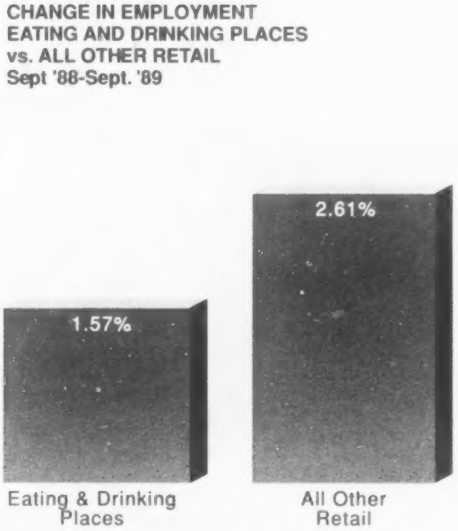
PERCENT CHANGE IN RETAIL SALES

Refreshing Statistics

August 1989 retail sales for Eating Places increased to $13.8 billion from $13.3 billion for the year-earlier period—a 3.5% rise.

The growth was driven by Refreshment Places, which posted an increase of 7.2% (from $5.6 billion to $6 billion). These findings confirm those presented in the *RB* Growth Index issue (Sept. 20 1989)

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics

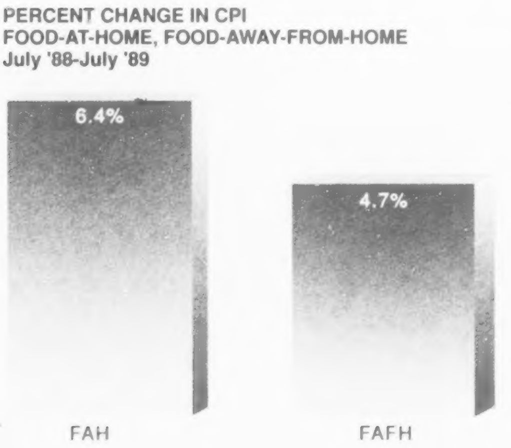


CHANGE IN EMPLOYMENT EATING AND DRINKING PLACES vs. ALL OTHER RETAIL Sept '88-Sept. '89

E&DP Employment Lags

According to data released by the Bureau of Labor Statistics, employment at Eating and Drinking Places increased 1.57% in Sept. 1989 over the year-earlier period. This compares with 2.61% for all other retail trade over the same period. The increase in all other retail trade is spurred by employment in food stores, which rose 5.4% during the same period.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics



PERCENT CHANGE IN CPI FOOD-AT-HOME, FOOD-AWAY-FROM-HOME July '88-July '89

Prices At Home and Away

The Consumer Price Index for Food Away From Home (FAFH) increased 4.7% in July 1989 over the year-earlier period. Food At Home increased 6.4%.

The FAFH price increases can be attributed in part to the inability of foodservice operations to pass price increases along to patrons, as well as the relatively small share of foodservice operators' cost directly representing food costs (30% to 40%, versus 75% to 85% for a retail food store).

SOURCE: U.S. Department of Commerce, Bureau of the Census

RESTAURANT BUSINESS

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Results of the *Restaurant Business*/Deustch, Shea & Evans exclusive **MANAGEMENT CAREER SURVEY** are available. For the full text of the 40-page report, contact: David Warhaftig, DS&E, 485 Fifth Ave., New York, NY 10017; (212) 687-8100.

The second annual **CENTER-OF-PLATE** Conference will be held in Chicago April 2 to 4. It is co-sponsored by the American Meat Institute and *Restaurant Business*. For information, contact Hilarie Hoting, AMI, PO Box 3556, Washington, DC 20007; 703-841-2400.

Cover photo by *Michael LaMotte*

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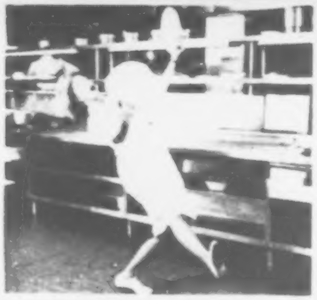

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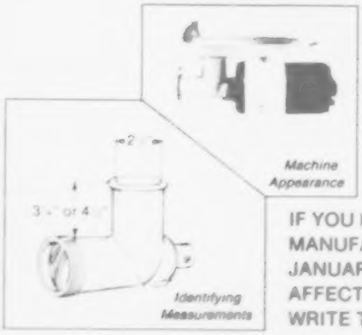

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HAMBURGER

MARKET SEGMENT REPORT

Market saturation has caused customer counts and segment sales to flatten.

By Jacque Kochak

WHILE THREE OF THE LARGEST chains in the hamburger segment suffer from flat or declining customer counts, several smaller regional chains with solidly defined niches are optimistic. Trouble at the top has put hamburger segment executives on alert, however. All are being affected as embattled McDonald's, Burger King, and Wendy's discount prices in an effort to build customer counts.

Discounting has escalated, and not everyone is elated about the trend.

"Short term, discounting can help sales, but it hurts margins," says Ted Murphy, vice president of marketing for regional hamburger chain Chattanooga, TN-based Krystal Co. "Long term, heavy discounting can erode a company's image."

And such discounting is very likely just a quick fix that doesn't address larger problems. "The chains with major problems seem to be trying to fix them with marketing, but the problems are with execution," says one observer.

MENU PROLIFERATION. Companies are also trying to bolster customer counts by continuing to add to their ever-broadening menus. Larger menus are clearly a more reasonable answer to the segment's woes than discounting.

One of the foremost practicioners of menu diversification is San Diego-based Jack In The Box. Since 1980, the 970-unit hamburger chain has introduced more than 30 new and innovative menu items. Recent additions include a double fudge cake, a grilled sourdough burger, a grilled chicken filet, and a scrambled egg pocket breakfast sandwich.

But menu diversification is not without its problems, says Jerry Singer, public relations director of Rocky Mount, NC-based Hardee's Food Systems. "Our broad menu is one of our strengths, but also one of our Achilles' heels," he says. "It is harder to train a worker to make 70 items than 10 items."

"I believe that our competitors are caught in a disastrous cycle of menu proliferation," says Steve Lynn, chief operating officer of Oklahoma City, OK-based Sonic Industries, which operates 1,000 drive-in restaurants throughout the Southwest. "They're increasing their break-even, their capital costs, and their labor costs," he adds.

DOUBLE DRIVE-THRUS. In recent years, a new kind of "burger baby" has grown up to address some of the problems plaguing the large burger chains. Double-drive-thru units offer a lower investment because buildings are much smaller. Labor costs are less because fewer employees are necessary. Lower costs mean lower prices, which make customers happy.

Entrepreneurs have sensed the potential. "Last year, we estimated there were some 300 companies with a double-drive-thru format," says Bobby Davenport Jr., president of Chattanooga, TN-based Central Park U.S.A.,

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Jack In The Box has a new burger, served on a sourdough bun.

one of the first double-drive-thru chains. "Now I estimate there are 500."

Several large regional chains have also experimented with double-drive-thru units, but results have not always been thrilling.

"We have experimented with double-drive-thrus, but they are too narrow in focus," says Sonic's Steve Lynn. "The customer has been conditioned to a little more, and development costs are very high because the sites are so prime."

THE GIANT. McDonald's is a formidable force in the hamburger segment and in the industry as a whole. Everyone agrees that McDonald's is astutely managed, and the company is in the process of crowning its U.S. success with overseas success.

But on the home front, most observers agree, the markets are saturated. McDonald's, with its nearly 8,000 domestic units, is continuing to seek out unconventional sites such as hospitals and military bases.

In such a mature, saturated market there's little room for more growth without stealing market share. Since McDonald's already holds 18.7% of the total fast-food market anyway (and a much greater share of the hamburger market), where is the company going to steal from?

That's an interesting question, and the reason that competitors in other segments are keeping a watchful eye on McDonald's new product introductions.

When McDonald's tested a new pizza product recently, Pizza Hut promptly blitzed the test area with an advertising campaign knocking McDonald's product. McDonald's is also testing fried chicken, and Kentucky Fried Chicken is almost certainly watching. The burger chain also brought back a reformulated McRib sandwich as a promotional item.

Thanks to McDonald's massive size and very deep pockets, the company is able to reach out for market share in other ways, as well. In an effort to rebuild customer counts, McDonald's is apparently increasing discounting in its toughest markets.

BURGER KING. Beleaguered Burger King, acquired from Pillsbury in 1988 by the British company Grand Metropolitan P.L.C. after a ferocious battle, is taking aggressive measures to rebuild its own market share. Under Pillsbury, Burger King saw average unit volumes drop to below $1 million annually, and franchisees claimed that a rapacious parent company treated the subsidiary as a cash cow. The new management team under chief executive Barry Gibbon, a veteran of Grand Met's restaurant group overseas, is working especially hard at courting disenchanted franchisees.

The company's new image-oriented advertising campaign, "Sometimes You've Gotta Break the Rules," stresses employee helpfulness and courtesy. The campaign is a team effort from New York City-based agencies Saatchi & Saatchi Advertising and D'Arcy Masius Benton and Bowles, which have shared the chain's $215 million account since last spring.

Other moves aimed at courting customers include adding a toll-free number to handle customer questions 24 hours a day, a quality assurance program that includes mystery shoppers, and new employee incentive programs.

The company has expanded its line of double cheeseburgers to five: a bacon double cheeseburger; a bacon double cheeseburger deluxe; salsa burger; barbecue double cheeseburger; and regular double cheeseburger. Burger King is also testing fish as a finger food.

Whether such moves will turn Burger King around remains to be seen. Both analysts and franchisees are taking a wait-and-see attitude.

SUPER VALUE. Wendy's has also been tinkering with its menu. One offering is a "Super Value" line, emphasizing junior bacon cheeseburgers and garden salads at 99¢ each. The menu features smaller versions of several sandwiches, and larger versions of some menu items such as french fries.

The Dublin, OH-based chain's sales and profits remained flat during the third quarter, although a new advertising campaign featuring founder David Thomas has heightened customer awareness.

The company, with 3,754 units, also reports higher customer counts. Wendy's plans to resume expansion, with at least 100 new restaurants set to open systemwide in 1990. The company operates 3,200 units in 42 states and five foreign countries.

Hardee's Food Systems Inc., part of IMASCO USA, is the only top hamburger chain to continue to show sales increases. Historically, Hardee's has

continued on page 94

Regional chain Krystal operates 230 units in seven states.

grown 8% to 9% a year, says public relations director Jerry Singer, so current sales increases of 4% aren't wholly satisfying.

Singer says that during the third quarter, Hardee's average unit volumes reached $923,000, up from $808,000 just two years ago. Total systemwide sales reached $3.3 billion in 1988 and were expected to top $3.5 billion at the end of 1989.

Hardee's has developed a menu that is among the broadest in the hamburger segment. In addition to hamburgers and a full breakfast menu, Hardee's offers five chicken products: chicken stix, grilled chicken sandwich, chicken filet sandwich, chicken fiesta salad, and a chicken biscuit sandwich for breakfast. Most recent line extensions include the grilled chicken breast sandwich, which is nonbreaded, nonfried, and lower in fat and cholesterol than most sandwiches. Hardee's has also introduced Krispy Kurls, curly seasoned french fries.

Hardee's also recently introduced pancakes, and according to Singer, the company is still the industry leader in breakfast, with about 30% of sales deriving from the breakfast daypart.

Hardee's, like Burger King, is viewing better service as a key for battling in the crowded burger arena. During the past three years, the company has poured over $3 million into a training program called "Serve with Pride" that teaches and rewards employees for maintaining high standards in the areas of service, hospitality, cleanliness, and promptness.

Expansion is continuing at a steady pace, with about 250 restaurants opened in 1989. Fifty new franchisees also were signed. "One of our primary objectives is to get new blood in with single-unit operators," says Singer.

Last year, Hardee's drew massive attention with its clever "California Raisins" promotions. It has followed up with a "Ghostbusters" promotion, tied into the recent popular movie.

A SOUTHERN SUCCESS. Sonic Industries Inc. seems to be one of the definite success stories of the burger segment. At a time when other companies are battling flat customer counts and sales, Sonic boasts three straight years of double-digit sales increases on the unit level.

Sonic's expansion plans call for opening 60 new units in 1990, after opening 42 in 1989. Systemwide sales were expected to reach $410 million for calendar 1989. Average unit volume has reached $400,000, up 11% to 12% over last year. Volumes have soared from $265,000 when Steve Lynn joined the company as chief executive six years ago.

Sonic is celebrating its 30th anniversary, and the company has stayed close to the formula that has brought it success in former decades.

Sonic is the last major drive-in chain, with customers placing orders via intercom and waitresses delivering orders by tray to 24 stations. The menu hearkens back to another time.

"The country continues to go crazy over the '50s and nostalgia, so we use a hint of that in all our marketing," says Lynn. "Frankie Avalon is our spokesperson." But Sonic doesn't just rely on nostalgia to generate customer interest; this is the end of the '80s, and customers want speed and convenience.

"All our competitors have added drive-thrus, but their customers get a precooked product with no choice of condiments, and the average wait for the order is 13 minutes, because there is only one order station," says Lynn. "At Sonic we have 24 stations and fresh-cooked food arrives in less than four minutes. In our advertising, we're telling customers that they can come to Sonic to get their food faster."

Some burger chains trade on fifties nostalgia.

The only new product introduced recently is a 44-oz. soft drink called "Route 44." Tested in August, the drink proved so popular that some units sell nine cases a week.

About 65% of Sonics are located in small Sunbelt towns, where real estate costs are cheap. And even though average unit volumes are small compared to a McDonald's or Burger King, so are capitalization costs. It costs an average of $350,000 to open a Sonic, compared to as much as $1.3 million to open an

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A frosty mug of root beer is A&W's point of menu differentiation.

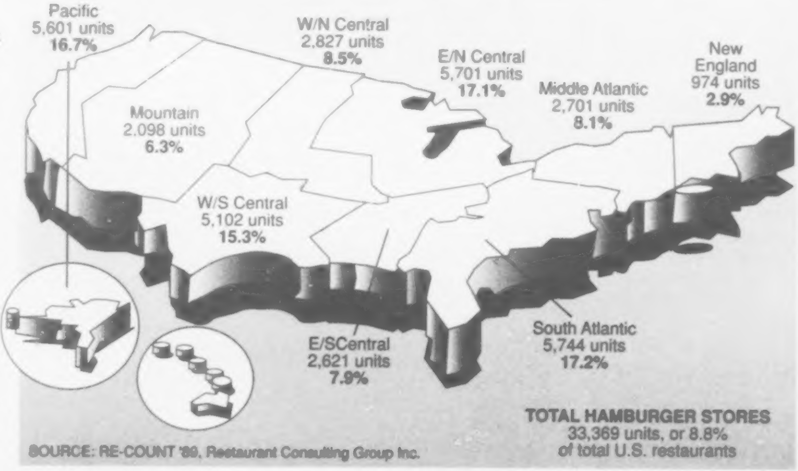
average McDonald's restaurant.

One thing that is changing is Sonic's buildings, which are also the same as 30 years ago. For that reason a prototype unit was developed in recent years. Some 90 of those units are now open, and the company has also put together a remodel package. Well over 500 units are now being remodeled or built from the ground up to conform to new guidelines.

COMPETITIVE POINTS. New executive vice president and chief operating officer of Livonia, MI-based A&W Restaurants Inc. is Vern Stewart, until recently executive vice president and COO of Sonic. He was part of a management-led LBO of Sonic in 1986. During the following three years, Sonic achieved growth in average unit sales of almost $100,000 a year. The company's growth was attributed to aggressive marketing.

WHERE THE BURGER BUYERS ARE

Distribution of Hamburger units by U.S. Census Regions


Pacific
5,601 units
16.7%
W/N Central
2,827 units
8.5%
E/N Central
5,701 units
17.1%
Middle Atlantic
2,701 units
8.1%
New England
974 units
2.9%
Mountain
2,098 units
6.3%
W/S Central
5,102 units
15.3%
E/SCentral
2,621 units
7.9%
South Atlantic
5,744 units
17.2%
TOTAL HAMBURGER STORES
33,369 units, or 8.8%
of total U.S. restaurants

SOURCE: RE-COUNT '89, Restaurant Consulting Group Inc.

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Grilled Curried Venison Kebabs, Victor Gielesse, Actuelle, Dallas

For information circle number 77

"When the Sonic turnaround started, we identified competitive points of difference and marketed those," says Stewart. "And Sonic's points of difference weren't as unique as A&W's."

"We have a very strong niche, and we want to play off that," he says. "We have a very strong signature product. We don't have to sell anybody on the idea of getting a frosty mug of root beer. We just have to let people know where to find us." A&W will also capitalize on the nostalgia called forth by references to the chain, which was the country's largest in the '50s and '60s, says Stewart.

"Our campaigns are targeted toward that period because so many people remember us," he adds. "But we have to be creative with our marketing, because we don't have the money to do massive advertising."

Stewart says that new marketing efforts will include promotions of root beer products. A&W will also offer promotions such as multiple meals in a package, and multiple meals with a large container of root beer. Discounting will increase, but only on peripheral products such as hot dogs.

A&W's goal for 1990 is to open 30 new stores, staying in regions where stores already exist. "A&W's experience of the last two years has shown me that the best ways for us to grow are through the conversion of existing restaurants to the A&W name, and through food court developments in shopping malls," says Stewart. In an interesting variation on franchising, A&W signed a deal with Carousel Foods in 1988 to convert 240 food court units to A&W, with the use of the A&W trademark.

Two hamburger companies that consider themselves virtually without competition in their own market areas are Chattanooga, TN-based Krystal Co. and Columbus, OH-based White Castle Systems.

Both serve burgers, but burgers with a difference. The burgers are very small, and a healthy teenager can gulp down many at a single sitting. And the burgers are steamed for a slightly different flavor and texture.

"We have a very unique niche," says Shirley Stapleton, White Castle's supervisor of public relations. "Our product is different. It's fast food, but if you want a White Castle, you have to come to us."

A total of 243 White Castles are now open, primarily in the Midwest, but spread as far as New York City and New Jersey. Expansion is going on at a rate of 15 stores a year. White Castle is private and does not franchise; Staple-

continued on page 102

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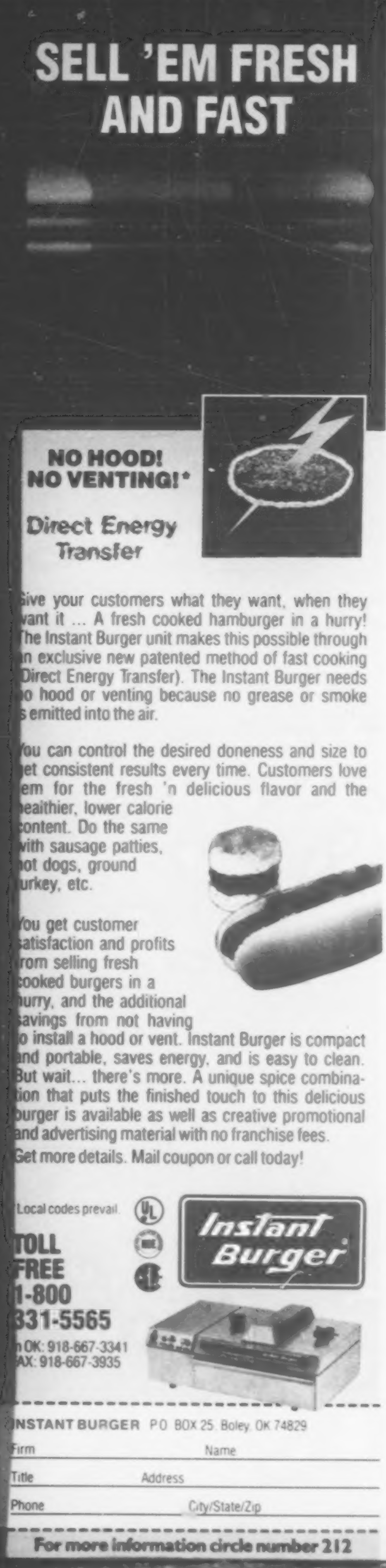
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Discounting may be causing long-term problems.

ton points out that expansion is paid for from available funds and is slow, but very secure.

White Castle boasts average unit volumes of about $1.3 million, second only to McDonald's. Total 1989 sales were expected to reach $290 million, an astonishing figure considering that White Castle's modest little basic burger sells for only 35¢.

White Castle is staying away from the discounting frenzy. "We operate on a lower margin, and our product is modestly priced already," says Stapleton.

The company has seen slow, cautious change. In recent years the company has added a Castle Meal for kids and has developed a new building. The biggest change has been the introduction of frozen, microwaveable White Castle burgers in the supermarket. Burgers are now available in supermarkets in half of the country, says Stapleton, and in 1990 customers can get a White Castle at the grocery store in 85% of the country.

Ted Murphy, Krystal Co.'s vice president of marketing, echoes White Castle's Stapleton when he says, "We sell Krystals and cheese Krystals, not hamburgers. If they want a Krystal, they come to Krystal."

The company operates 230 restaurants in seven states, principally Tennessee, Georgia, Alabama, Mississippi, and Florida. Sales of the privately owned company were projected to reach $188 million in calendar 1989.

Murphy says that Krystal's sales are up anywhere from 5% to 15% for the last six to eight months. That percentage includes price increases; without increases, Murphy estimates that sales are still up slightly.

Like White Castle, Krystal is sticking to its core business, adding menu items cautiously and eschewing deep discounting.

On the new product front, the company is continuing its rollout of a small, hand-held breakfast sandwich called the Krystal Sunriser. On the promotion front, the company is offering insulated refillable squeeze bottles for soft drinks. It recently completed a successful Wizard of Oz glass promotion—units ran out of glasses by Wednesday every week, says Murphy.

Krystal has just begun franchising a new Krystal Kwik double-drive-thru unit. The scaled down units offer only the Krystal, the cheese Krystal, french fries, soft drinks, the Krystal Sunriser, coffee, and breakfast drinks. This is the first time the company has franchised in 60 years; if Krystal Kwik is successful, expansion will heat up, says Murphy.

Krystal is also developing a prototype for full-size units that may be franchised into new territories.

DOUBLE DRIVE-THRUS. Double drive-thrus seem to have a solid future, because their format solves some of the major problems facing the burger giants today. Initial investment is modest because of their small size. For example, it costs between $150,000 and $250,000 to open a Central Park unit, with an annual volume of $500,000.

The royalty fee for a Central Park is also a low 3%. "On our menu, we don't charge 89¢ for a hamburger and then stick it to the customer on the cheese. We don't do that to our franchisees, either," says president Bobby Davenport Jr. Labor requirements are also very low.

Central Park, with $22 million in sales in 1988, now operates 44 units in the Southeast, and is opening units at a pace of two a month. That pace should accelerate to three or four a month in 1990. The company will continue to expand its base within an eight-hour driving radius of Tennessee, says Davenport. As franchising continues, company units are being sold off to owner/operators.

A TURNING POINT? Clearly, the days of easy expansion and sales growth in the hamburger segment are over. Companies are fighting for their businesses, and those with the most money or the clearest identity seem to have the edge.

"The segment is very competitive. We're all working to get the same customer," concludes White Castle's Stapleton. "We're looking at a possibility that some players won't even be here a year or two from now."

TEST KITCHEN

OPPOSITE: Pasta with an Oriental flavor: (clockwise from top left) chicken larmen; stir-fried vegetables arranged on top of crispy noodles; and savory fried dumplings served with a soy dipping sauce.

PASTA WITH PUTTANESCA SAUCE

(pictured on opening page)

4 tomatoes, peeled, seeded, chopped
½ cup sundried tomatoes, chopped
½ cup oil-cured black olives, pitted and coarsely chopped
3 cloves garlic, crushed
2 anchovies, mashed
½ cup olive oil
¼ cup parsley, chopped
¼ cup basil, julienne
Salt and pepper, to taste
1 lb. pasta, cooked

1. Combine fresh and sundried tomatoes, olives, garlic, anchovies, olive oil, parsley, basil, salt, and pepper. Let the mixture marinate for at least 2 hours, and preferably overnight.

2. Toss hot pasta with room temperature sauce. Serve immediately.
(Yield: 6 portions)

Garden, for example, now serve an average of 220 lb. of pasta every day.

PURCHASING OPTIONS. As pasta gains in popularity, purchasing options are keeping pace: While the majority of pasta (69%) is still sold in dried form, 35% is purchased fresh or made from scratch, and another 9% is frozen value-added product. Because fresh pasta contains a minimum of 20% moisture, it needs to be refrigerated, and therefore has traditionally been made from scratch or bought from local manufacturers who commanded a premium price due to smaller runs. The cost differential between dried and fresh, however, is shrinking with the rollout of nationally branded fresh products.

Pasta bought in any form serves as a versatile base for traditional or innovative fare. Units of Commack, NY-based Sbarro Inc. offer approximately five different pasta dishes every day—accounting for 50% of sales—including spaghetti, ziti, shells, lasagna, cannelloni, manicotti, and fettuccine. All pasta is precooked *al dente*, and then refrigerated until ordered. At service, the pasta is refreshed in a hot water bath in front of the customer to emphasize its prepared-to-order quality.

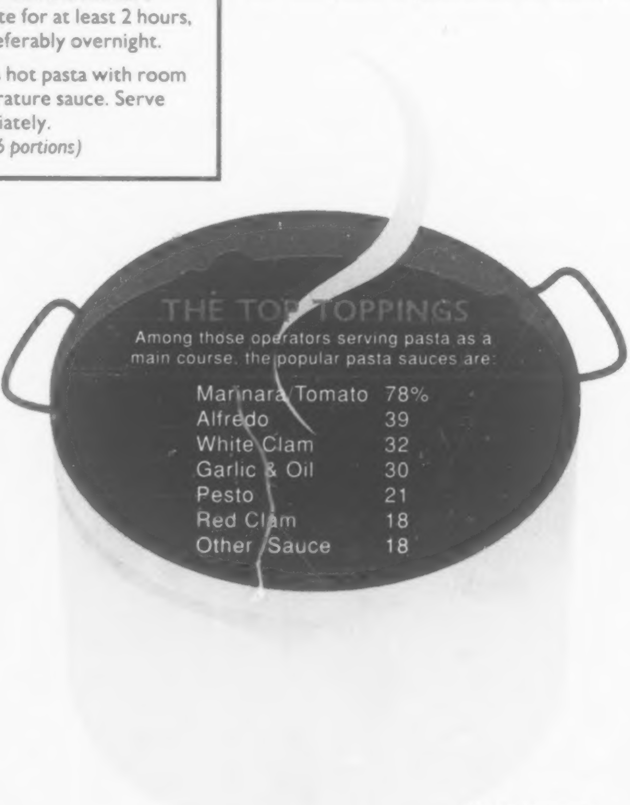
Larry Reyburn, vice president of marketing at Sbarro, points out that, "Different pastas can be blended with an assortment of foods and sauces." This lets Sbarro units customize their menus to suit regional tastes. "Certain markets are more accepting of different foods than others," Reyburn says. "By using different types of pasta and sauce combinations, we can efficiently offer more variety to those areas with people who are adventurous."

SAMPLER. The Old Spaghetti Factory, based in Indianapolis, has its own way of satisfying adventurous patrons. The Pot Pourri is a $4.35 spaghetti sampler that includes toppings of meat sauce, mushroom sauce, Mezithra cheese, and clam sauce. "Pasta is no longer limited to Italian food," says marketing director Bob Barr, "but you'll continue to see Italian restaurants become more popular."

At Dallas-based Sfuzzi, corporate executive chef Steven Singer calls his pasta preparations "traditional in ingredients, but not in execution." Dried pastas purchased from purveyors include rigatoni and linguini; flat pasta for lasagna, tagliatelli, fettuccine and cannelloni is made fresh on premise. One of Singer's more innovative dishes is an individual lasagna baked in a cake ring with three cheeses, grilled chicken, and spinach for $16.

ANYTHING GOES. Pasta's versatility and popularity has made it practical for even non-Italian menus to list a selection of pastas under a separate category. At the Courtyard Cafe in the Doral Court Hotel in New York City, the pasta section lists contemporary Cajun-inspired combinations such as linguine with seafood gumbo; and penne with okra, corn, and salami (see photo, page 117). According to resident manager Jay Stein, "The neutral taste and the texture of pasta gives Jean Paul Hascoat—our executive chef—the opportunity to try almost anything." Other pasta choices range from ziti topped with grilled chicken, cilantro, and hoisin sauce to fusilli with smoked chicken, mushrooms, and cream.

While Hascoat's dishes represent new pairings that are not necessarily Italian,



THE TOP TOPPINGS

Among those operators serving pasta as a main course, the popular pasta sauces are:

Marinara/Tomato	78%
Alfredo	39
White Clam	32
Garlic & Oil	30
Pesto	21
Red Clam	18
Other Sauce	18

SOURCE: *RB* Research

C1200-5

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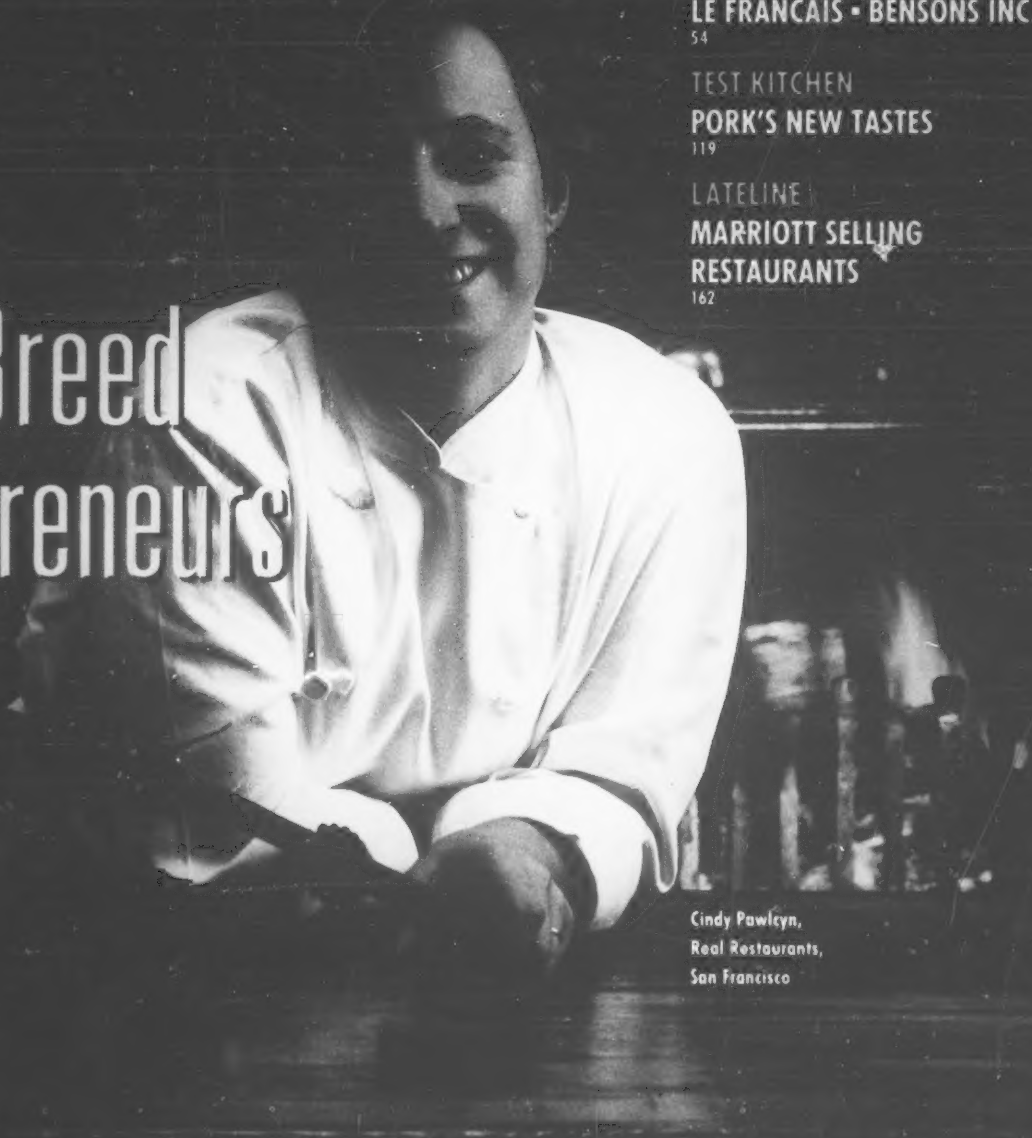
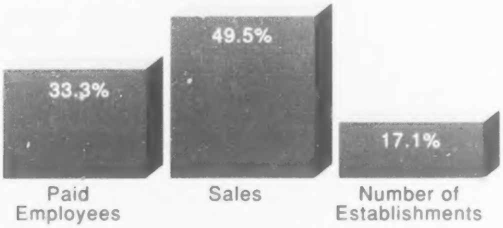


Cindy Pawlcyn,
Real Restaurants,
San Francisco

THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER

EATING PLACE CENSUS OF RETAIL TRADE
Percent Change 1982-1987



Eating Place Sales Gain

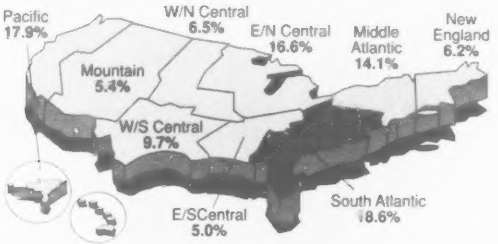
Since 1967, the U.S. Department of Commerce has conducted the Census of Retail Trade at five-year intervals as a means of monitoring the retail trade industry, including Eating Places. Total Retail Trade sales reached $1.5 trillion in 1987, with Eating Places accounting for nearly 10%, or $139 million. This represents a 49.5% increase from the 1982 census.

Part of this growth can be attributed to the 17.1% increase in the number of eating establishments (to 332,6611 in 1987). This figure, however, represents only establishments with payrolls, and thus excludes a number of family-run restaurants, and understates the actual size of the industry. The Department of Commerce is scheduled to release figures on establishments without payroll this spring.

Similarly, the number of paid employees jumped 33.3% between 1982 and 1987, to 5.787 million.

SOURCE: 1987 Census of Retail Trade

REGIONAL DISTRIBUTION OF EATING PLACE SALES



Regional Distribution

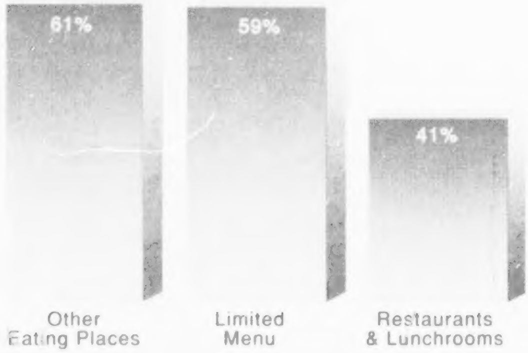
The South Atlantic region (Delaware, Maryland, Washington, DC, Georgia, Florida, and the Virginias and Carolinas) now represents the largest census region for Eating Place sales with $25.9 billion, or 18.6% of total U.S. Eating Place sales.

The South Atlantic region registered a sales increase of more than 68% from 1982 to 1987, leading all regions and passing the Pacific and East North Central regions notched sales increases below the national average of 49.5%. New England and the East South Central. Both the Pacific and East North Central regions were the second-and third-fastest- growing areas, but both remained modest in their share of total Eating Place sales with 6.2% and 5.5%, respectively.

The energy-dependent West South Central recorded the slowest growth, with a 31% five-year increase in sales. It now represents 9.7% of total sales, down from 11.1% in 1982.

SOURCE: 1987 Census of Retail Trade

SALES BY TYPE OF EATING PLACE ESTABLISHMENT
Percent Change 1983-1987



Restaurants and Lunchrooms

Restaurants and lunchroom sales reached $66.4 billion in 1987—a 41% increase over 1982—to remain the largest segment within Eating Places.

However, fast food enjoyed a much faster growth rate, rising 59% for the same period. Sales grew to $6.9 billion, or roughly 41% of all Eating Place sales (compared with 38% in 1982).

The Other Eating Places category (including social caterers, contract feeders, and ice cream and frozen yogurt stands) showed the fastest growth in sales, up more than 61%, to $12.3 billion.

SOURCE: 1987 Census of Retail Trade

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COVER STORY

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UPCOMING INDUSTRY EVENT

The second annual **CENTER-OF-PLATE** Foodservice Conference will be held in Chicago April 2 to 4. It is sponsored by the American Meat Institute and *Restaurant Business* magazine. For more information, contact Nancy Nugent, AMI, PO Box 3556, Washington, DC 20007; 703-841-2400.

Cover photo of Cindy Pawlcyn by Mark Tuschman

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MARKET SEGMENT REPORT

ITALIAN

MANICOTTI PANCETTA CALAMARE VEAL SCALLOPINE RAVIOLI CANNELLONI PANZEROTTI MARINARA LINGUINE

Traffic at Italian restaurants grew 50% in the five-year period from 1982 to 1988.

By Nancy Cohen

At a time when market saturation and slowed growth are forcing operators throughout the industry to rethink expansion strategies, the Italian segment remains remarkably healthy. Traditionally dominated by independents, the segment is now experiencing tremendous chain growth—and shows every sign of having room for more.

According to the National Restaurant Association, Italian restaurant traffic jumped more than 50% between 1982 and 1988. And, in 1989, Italian led the pack of ethnic cuisines by logging an 8% to 10% unit growth rate, according to Millie Lemajich of Restaurant Consulting Group, Evanston, IL (ReCount).

The number of eating establishments specializing in Italian cuisine now totals 8,300, according to Lemajich; 6,570 of those are independent operators. And while the independent sector continues to grow at double the industry's overall rate, Italian-theme chains are growing at an even faster clip, Lemajich says.

INFLUENCE. Not only is the number of Italian eating places on the ascent, but the growing popularity of Italian foods has also had widespread influence on non-Italian menus.

"We're seeing Italian cooking becoming Americanized," says Bob Gilka, vice president of marketing and advertising for The Spaghetti Warehouse, Garland, TX. "There's a rise in the number of full-service restaurants serving pasta as a specialty menu item, from Bennigan's to T.G.I. Fridays." The latter's menu now includes seven pasta dishes, from manicotti to fettuccine with spicy sausage and peppers, and entrees such as chicken parmesan—side by side with American standards such as chicken fingers and baby back ribs.

The pervasiveness of Italian foods now extends to upscale restaurants as well. "Spaghetti is served even in hotel dining rooms and yuppie restaurants—only now they call it 'pasta' and charge $11 for it," agrees Guss Dussin, president, Old Spaghetti Factory, Portland, OR. "The whole market has changed."

In fact, Americans are continuing to eat 5% more pasta annually. According to the National Pasta Association, U.S. pasta consumption swelled to a volume of 4.2 billion lb., or 17.1 lb. per person in 1988.

HEALTHY. The proliferation of Italian food is keyed to the much-touted health benefits of its staples—pasta, seafood, olive oil, and leafy greens—in an increasingly health-oriented market.

"McDonald's, Jack in the Box, and Wendy's have all begun to shift away from beef and items with high cholesterol, and introduce chicken, salads, and fish," notes Kim Tucci, co-owner of The Pasta House, St. Louis. "The Italian menu has built-in appeal and health, whatever your diet. Pizza-pasta-salad restaurants are the new equivalent of the old steak establishments."

The growth of chains in a segment traditionally dominated by independents is also spurring demand for Ital-

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Spaghetti Warehouse serves spaghetti with 11 sauces, and lasagna and cannelloni.

ITALIAN

ian foods, according to Larry Reyburn, vice president of marketing, Sbarro, Commack, NY.

GREATER AVAILABILITY. "With our expansion, Olive Garden's, and that of the regional chains, we've brought affordable Italian foods to the consumer," he says. "And availability drives popularity."

Clearly, the consumer is responding. Sbarro, the only national fast-food Italian chain, founded in 1955, continues to surge across the country with its cafeteria-style concept, located mostly in shopping malls. In 1988, the chain opened 68 new units, for a total of 316 in the U.S., Puerto Rico, and Canada. Systemwide sales similarly grew by 33% during 1988 to total $154 million, and corporate revenues grew 35% to $117.3 million. In 1989, an additional 55 units brought Sbarro's total to 371.

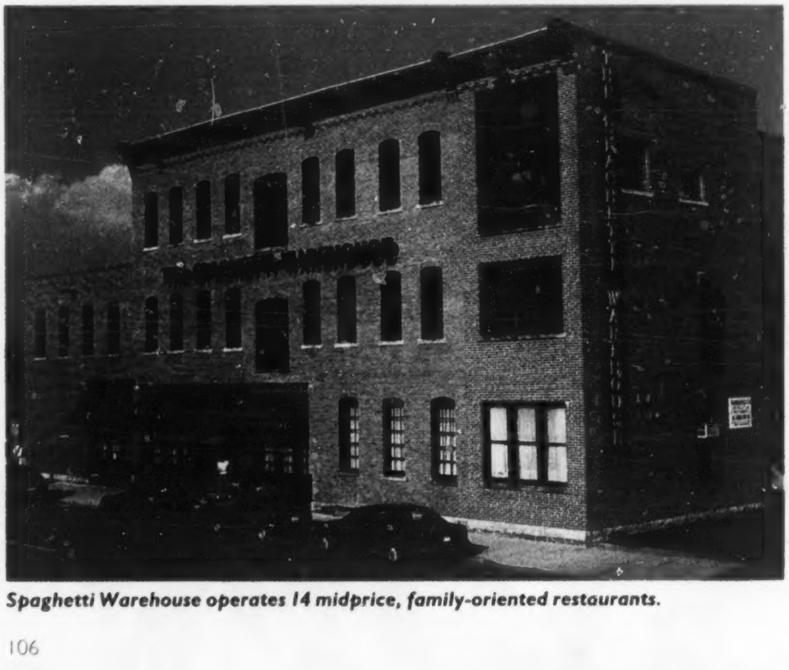
Likewise, General Mills has carved out a part of the burgeoning market for itself with its midscale Italian dinnerhouse concept, Olive Garden. The parent company's deep pockets have provided for the heady growth of the Orlando, FL-based chain of company-owned units at the rate of one per week for the last two years, and for this year as well. The current tally is 150 units (see *RB*'s cover story, Oct. 10, 1989).

"The Olive Garden strategy is to be number one within the segment," says Anne Powell, manager of communications. "And we've got the system in place to do it; from the outset, we had the people and all the support that (sister chain) Red Lobster could afford."

The rapid growth of newcomer Olive Garden hasn't slowed that of Sbarro: Current growth plans call for another 50 to 75 Sbarro restaurants to open this year. "We're not competing for the same occasion," says Reyburn. "Olive Garden is more upscale. With our mall locations, we can capture the quick-service impulse customer, and our average check is considerably less. I think we complement rather than battle each other as we expand, together popularizing the category."

Sbarro's fast-food concept offers pizza (which accounts for 30% to 35% of sales) as well as Italian-menu staples such as baked ziti ($3.99), calzones ($2.99), and eggplant Parmesan sandwiches ($3.99). Although the chain has aimed at mall locations, it is now growing through nontraditional avenues via franchising agreements: Marriott Corp. operates nine Sbarro units on toll plazas in Florida, Massachusetts, and Pennsylvania; Concessionaire Inc. operates Sbarros in three airports.

Traditionally dominated by independents, the segment is now experiencing chain growth.



Spaghetti Warehouse operates 14 midprice, family-oriented restaurants.

EXPANSION ALTERNATIVE. Sbarro's first freestanding unit should be in test by late spring, near company headquarters in East Northport, NY. "If the formula works, we'll look at it as an expansion alternative," says Reyburn.

Olive Garden's own expansion has been facilitated by the availability of restaurant locations ready for conversion. But even though the corporate giant is spreading swiftly throughout the country, Olive Garden has sought to establish the personal touch of enthusiastic service—"hospitaliano," to provide value plus hospitality—which translates into continual refills of salad, bread sticks, soups, and nonalcoholic beverages, all for an average per-person dinner tab of about $10.

With sales increases of 128% in fiscal 1988, to $171 million, and of 78% in 1989, to $304 million, Olive Garden has not only established the market for Italian dinner-house chains, it has encouraged others to join in.

"Olive Garden has proven that the market's out there, while other markets aren't growing at the same rate," says Fuddruckers founder Philip Romano. "A lot of horses are lining up now for the number two-spot." Romano is

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himself angling to win a position at the gate with his restaurant concept, Romano's Macaroni Grill.

The first Macaroni Grill opened 18 months ago in a converted dance hall in Leon Springs, TX, 12 miles outside of San Antonio. Already, it is logging annual sales of $1.7 million, he says. At press time, Chili's Inc. acquired the concept for 152,000 newly issued shares of Chili's common stock with an estimated value of $4.5 million. Chili's plans to open additional Macaroni Grill units.

Romano describes the Macaroni Grill as an extension of his Italian roots, with an at-home atmosphere complete with an exhibition kitchen and jugs of wine on each table. But the menu is a far cry from plates of homey spaghetti and meatballs. Selections include a variety of pasta, gourmet pizza, and grilled meats and seafood, such as: penne with veal and carrot sauce; charbroiled quail wrapped in pancetta; osso bucco; and scallopine di calamare. With wine, the average check is $15.

START-UP. Pasta Lovers Trattoria is another new chain entrant that hopes to multiply nationwide from its four-unit base. Founders Louis Pappas and James Karras have teamed up with Jeno Paulucci, founder of Chun King Corp., Jeno's Inc., and R.J. Reynolds Foods, to expand the concept into a nationally franchised chain.

The original Pasta Lovers opened three years ago in New York City, and now grosses $1.8 million annually, Paulucci says. It has since been joined by two other New York locations, and a fourth that opened in Heathrow, FL.

"We're offering the entrepreneur an opportunity to get into this market that he doesn't have with Olive Garden (which does not franchise)," says Paulucci. "And he doesn't need a million-dollar investment to do it."

The franchise investment, which includes one of three restaurant designs, ranges from $250,000 to $400,000. Sauces will be prepared at a new central commissary, and all products will be offered to franchisees at cost. Total food costs should not exceed 25%, Paulucci claims.

The casual, full-service restaurant seats 70 to 90. Menu selections include: spaghetti with fresh salmon and basil in tomato cream sauce ($9.95); pasta with green peas, mushrooms, and prosciutto in light cream sauce ($8.50); risotto with Italian sausage and bell peppers ($8.95); and veal scallopine stuffed with mozzarella and prosciutto ($12.95).

Spectrum Foods' latest creation is Tutto Mare, which opened in Newport Beach, CA.

Italian leads the ethnic cuisines in unit growth.

REVISED PLANS. Two other Italian chain concepts may soon be available from Jerrico Inc., Lexington, KY. Since its leveraged buyout last September, Long John Silver's parent has had to revise its plans to approach the Italian segment, according to Robert Sirkis, executive vice president, operations.

The firm has put its four-year-old Italian restaurant concept, the seven-unit Florenz, up for sale, either as individual pieces of real estate or as a chain concept, says Sirkis. "The decision to sell was part of our refinancing package following the LBO," he says. "We need to consolidate our resources now and focus on Long John Silver's."

A full-service restaurant may not have been the optimum concept for Jer-

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rico's entry into the Italian segment, Sirkis admits. "Florenz is a young business and a good one, but we're much better at operating fast-food restaurants, and feel we should stay close to what we do best."

Aiming to do just that, Jerrico launched Fazoli's, a quick-service Italian chain in September 1988; the fifth unit opened recently in Lexington, KY. But since the LBO, Jerrico does not have the capital to expand it further, and has not yet decided whether to sell the concept or begin to franchise.

Each Fazoli's unit offers dine-in, carry-out, and drive-thru services. "Italian food is perceived as expensive and slow," Sirkis says. "Except in New York City, even pizza hasn't been perceived as a portable fast food, but here we can serve lasagna in 45 seconds."

Fazoli's offers meals plated either for an individual or a family: The "Feast for Four" is a bucket of spaghetti to go for $4.99. Also on the menu are chicken cacciatore, ravioli, pizza, and submarine sandwiches. Per-person checks average $3.25 at lunch and dinner.

REVERSION. Jerrico is not the only fast-feeder to change its approach to the Italian market recently. Imasco USA Inc., Hardee's parent, has sold the Grisanti's chain of restaurants back to the chain's president, Michael Grisanti, only five years after acquiring it.

In the repurchase, Grisanti acquired nine full-service Grisanti's restaurants, one Casa Grisanti, one Mama Grisanti, and one Grisanti catering unit. At the time of the merger with Imasco, Grisanti's numbered only four units.

Although the Louisville, KY-based chain did triple in size under Imasco, its growth was notably slow during a period marked by the explosive development of Italian concepts such as Olive Garden.

"The bottom line was that, with limited funds, Imasco was better off continuing to develop Hardee's," Grisanti says. His own expansion plans for the chain are modest. "I believe very strongly in the Grisanti's concept and the segment's growth, but we're more focused on quality than quantity. We'll grow as we can."

Jerrico's Fazoli's is a quick-service Italian chain.

Grisanti's approach to quality is exemplified by the pasta and sauces prepared fresh daily in each restaurant. The 250-seat units offer not only standards such as spaghetti and meat sauce, but also cannelloni and cheese panzerotti (two large pasta turnovers filled with five cheeses and topped with peppers, olives, and marinara). Other entrees include seafood linguine and veal portafoglio (stuffed with chicken, spinach, mushrooms, prosciutto, and mozzarella, fried and topped with Madeira sauce). The average dinner check is $10.50.

COMPETITIVE CLIMATE. With 25 units, and over $25 million in annual sales, The Pasta House family restaurants, based in St. Louis, ranks as the largest privately held Italian chain. But while the company has a firm foothold in the markets it has developed since opening in 1967, co-owner Kim Tucci believes that the chain won't be able to grow further in the newly competitive market without outside investment.

"Olive Garden really can't penetrate our markets, because we were the pioneers here; we're serving four million people in Missouri a year," Tucci says. But the chain similarly cannot crack into Olive Garden's backyard, and pulled out of its two Florida units a few years ago. The Pasta House has sought an acquiring company since a deal with Pillsbury fell through several years ago; Tucci is also willing to license the concept.

Competition may limit The Pasta House's unit growth, but the chain aggressively promotes itself to build existing store sales. Its "Reading, wRiting, and Ravioli" program offers children a free portion of ravioli for every book report written and submitted to their teachers. This year, 150,000 book reports were submitted in St. Louis, Tucci says.

The "Good Business Neighbor Club" targets the business community with The Pasta House credit cards, which offer 20% off any purchase. The company is also doubling its direct mailings of buy-one-get-one-free promotions to 3.2 million this year, for a total of 30 million coupons in circulation.

The Pasta House's newest promotion, an art contest that targets high school students, plays off the chain's slogan, "for people with a taste for great Italian works of art." Students compete for scholarships and cash prizes by submitting their versions of Italian masterpieces, altered to incorporate a plate of spaghetti into the original design.

FRESH MARKET. Florentine Italian Foods has found that building on its name and its reputation for fresh pasta through retail vehicles has been one of its most successful marketing devices. The 15-unit, San Jose, CA-based chain

OGLIO MANICOTTI PANCETTA CALAMARE VEAL SCALLOPINE RAVIOLI CANNELLONI PANZEROTTI MARINARA LINGUINE

of restaurants and pasta markets experienced a growth spurt this year, boosted by the volume demands of a new commissary. "We built a large kitchen for our filled pastas and our sauces about a year and a half ago, and we had to open more units to warrant the expense," says president Michael Del Monaco.

In 1988, Del Monaco added retail counters for sauces and uncooked fresh pasta to each of his eight restaurants and to the new pasta factory. He then expanded the concept in May 1989 with the acquisition of a small local retail chain, Pasta Today, now converted to four Pasta Markets and selling pasta and hot foods to go. Most recently, Del Monaco opened two retail markets inside the upscale Cosentino's groceries.

The proliferation of the Florentine brand at retail has helped to sell over one ton of ravioli per week. Fresh pasta accounts for 65% of restaurant sales, although the menu includes a range of veal, chicken, and seafood dishes.

A hands-on approach to menu development has been a key to Del Monaco's success since launching Florentine's in 1964. "Whatever we like at home, we bring to the restaurant and it seems to work," he says. "My wife's *pasta e fasul* soup is now as popular as our minestrone soup. We add things all the time, like a new spicy ravioli we call Italian Cajun, filled with chicken sausage, mushrooms, tomatoes and chili sauce." A new light menu includes vegetable lasagna and fish with a light tomato sauce.

continued on page 112

The fast-growing popularity of Italian cuisine has had widespread influence on non-Italian menus.

Look who ran away with the fork, the knife and the spoon.

Campbell

MARKET SEGMENT REPORT

ITALIAN

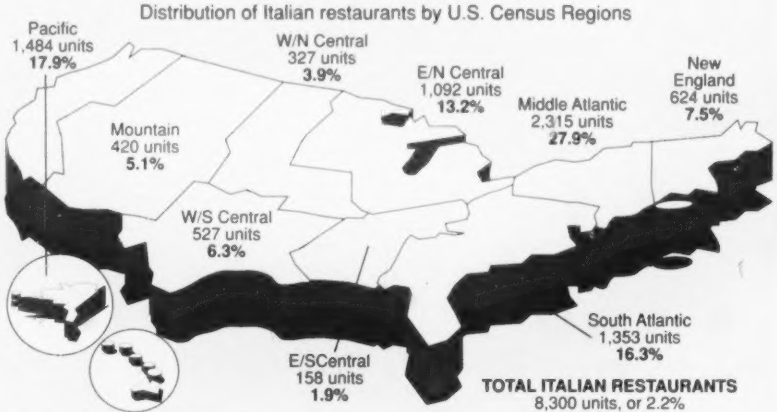
MANICOTTI PANCETTA CALAMARE VEAL SCALLOPINE RAVIOLI CANNELLONI PANZEROTTI MARINARA LINGUI

FLEXIBILITY. The flexibility to adapt to changing tastes has likewise kept Portland, OR-based, 24-unit Old Spaghetti Factory (OSF) growing after 21 years in the business. "Our original idea for OSF was to find a specialization; instead of steak, omelets, or fish, we chose spaghetti," says president Guss Dussin. "And at the beginning it was simple, just a spaghetti dinner—not even meatballs—complete for $1.75." A fun, turn-of-the-century atmosphere remains a key part of OSF's formula.

"But we've diversified in the last three years to widen our appeal and meet the competition," he says. Now, in addition to spaghetti with seven sauces, OSF offers tortellini and fettuccine Alfredo and "a very labor-intensive lasagna," says Dussin. Currently

DOVE A MANGIARI

Distribution of Italian restaurants by U.S. Census Regions


Pacific
1,484 units
17.9%
W/N Central
327 units
3.9%
E/N Central
1,092 units
13.2%
Middle Atlantic
2,315 units
27.9%
New England
624 units
7.5%
Mountain
420 units
5.1%
W/S Central
527 units
6.3%
South Atlantic
1,353 units
16.3%
E/SCentral
158 units
1.9%

TOTAL ITALIAN RESTAURANTS
8,300 units, or 2.2%
of total U.S. restaurants

SOURCE: RE-COUNT '89, Restaurant Consulting Group Inc.

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in test are chicken parmesan and Greek chicken (with garlic, oregano, olive oil, lemon, and a side of spaghetti with Mizithra cheese). Nonetheless, spaghetti still garners 65% to 70% of sales.

Though Dussin reports sales increases of 6% to 8%, he has also cautiously raised prices, "in 2% to 3% nibbles," to counteract rising costs, especially labor costs in his California markets. The average check now comes in at $6.25.

Dussin expects OSF to continue to expand at its current rate of one company-owned unit every 12 to 18 months in the U.S. Overseas expansion via franchise agreements has been successful, he says: In Japan, the franchisee is ready to add two units to the existing eight. One Old Spaghetti Factory is also operating in Hamburg, Germany.

MIDPRICE MARKET. Old Spaghetti Warehouse, Garland, TX, is focusing its future growth on U.S. markets with populations of at least half a million to support its oversized restaurants. The midprice family-oriented chain now numbers 14 units, each seating 425 to 450.

One new market for the chain is New York State, which it began to penetrate in 1988 with units in Buffalo and Syracuse; a unit in Rochester is due to open in February. To prepare for additional expansion at the rate of three stores a year, the chain plans to open a management training facility in Fort Worth, TX, this year. It has already added an in-house construction and design de-

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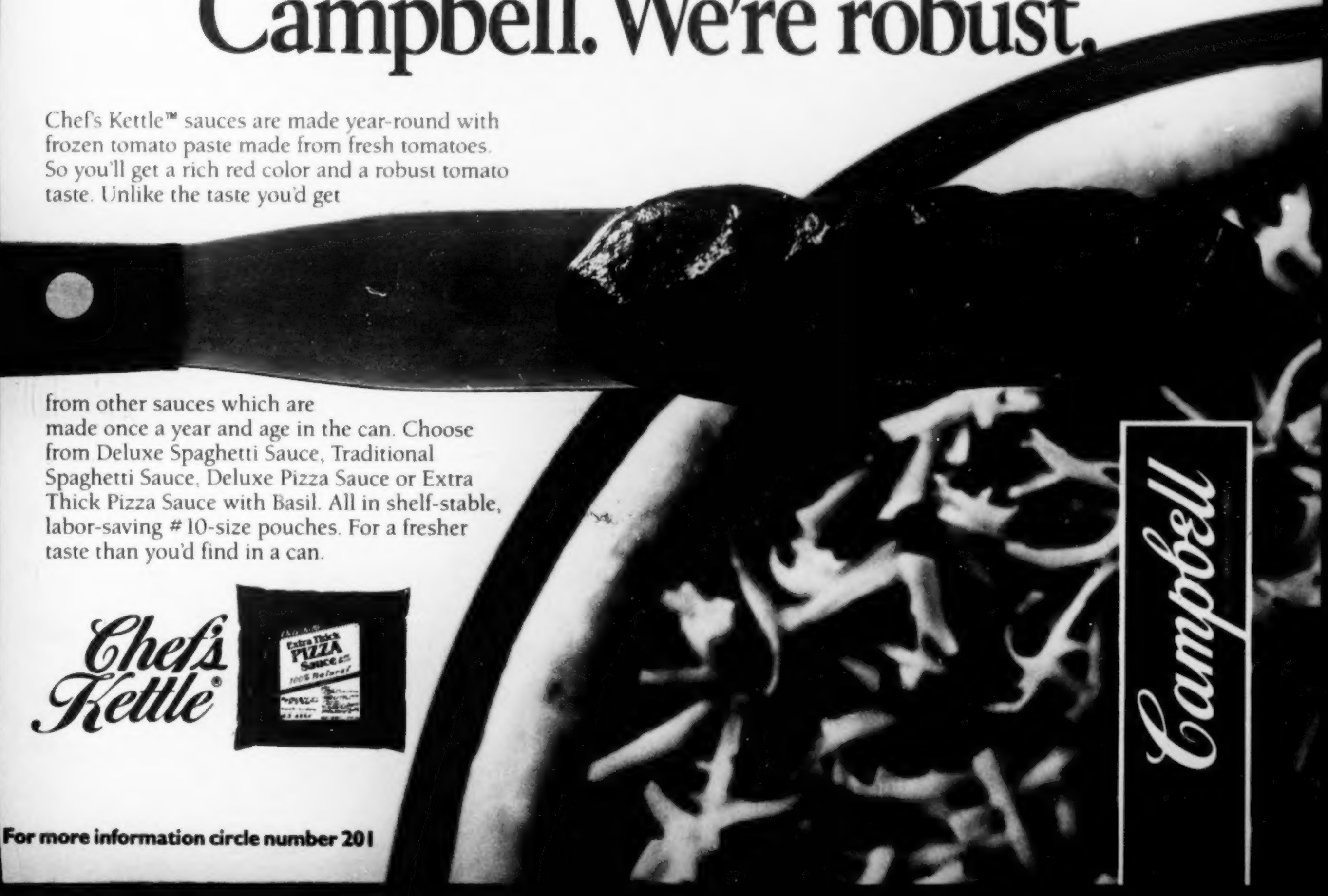
In the U.S., pasta consumption reached 4.2 billion pounds in 1988, or 17.1 pounds per person.



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Chef's Kettle®

For more information circle number 201

partment, as well as a third area supervisor to the management team.

Spaghetti Warehouse restaurants serve up spaghetti with 11 sauces, as well as lasagna, cannelloni, and combination platters in a nostalgic, casual setting. Average dinner checks are $8.

While chainwide promotions like "Dad eats for free" are an important merchandising elements, executives also emphasize the importance of store involvement at the community level. "Each store is encouraged to be involved in everything from sponsorships of races to fundraisers for local concerns," says Bob Gilka, vice president of advertising and marketing. "It's critical to maintaining our exposure as a local institution."

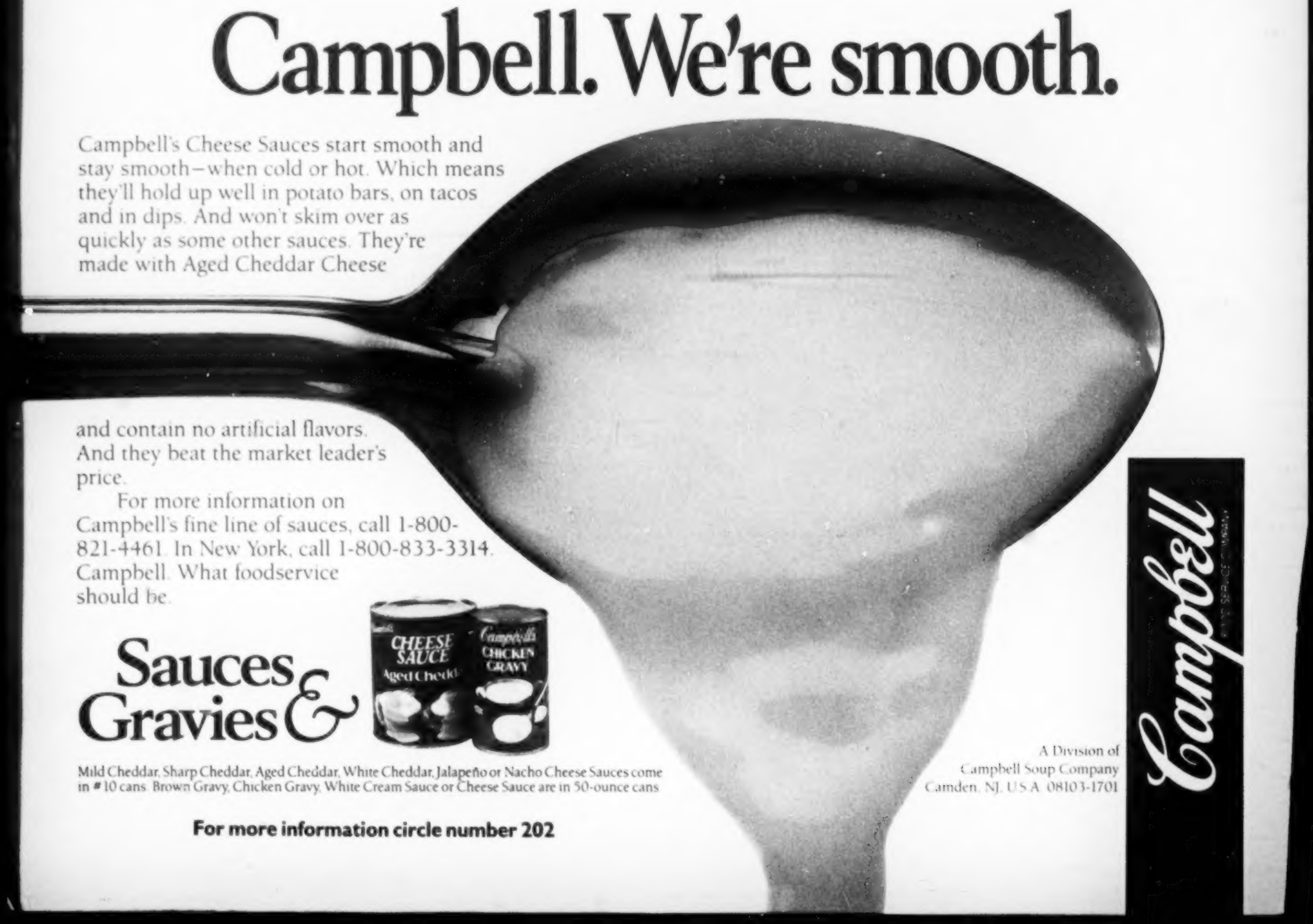
The formula paid off with record results in the last year. Fiscal year 1989 ended July 1 with net income increases of 71.2% to $1.87 million. Revenues increased 19.6% to $28 million, and average unit sales for stores at least 12 months old rose 14.8% to $2.4 million.

Pasta is popular at all price points. Italian cuisine lends itself readily to upscale concepts and multi-unit restaurant developers, as well.

The Levy Organization's elegant flagship restaurant, Spiaggia in Chicago, is enjoying an annual volume of $5 million serving sophisticated fare such as duck sausage, sage, and goat cheese pizza; roast pheasant with mushrooms, rosemary, sage, garlic, and creamy polenta; and marinated, grilled sliced veal steak with potato garlic puree and roasted peppers.

Likewise, Dallas-based Crillon Management Group, keeps rolling out Sfuzzi (Dallas, Houston, New York City, plus the soon-to-open Great Neck, NY, Washington, DC, and Boston units), appealing to an upscale crowd with an informal setting and dishes such as tagliatelli with grilled chicken, winter vegetables, and gorgonzola; and shrimp, scallops, zucchini, roasted peppers, and pesto pizza. (See story on Sfuzzi in *RB*'s Nov. 20, 1989 issue.)

Stylish Italian restaurants have also become a cornerstone of Richard Melman's Lettuce Entertain You Enterprises (LEYE), which continues to add such concepts to the Chicago-based operations. The most recent entry, Tucci



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Milan, joins LEYE's Tucci Bennuch, Scoozi, and Avanzare, and features thin-crust pizza and homemade pasta and sauces.

Big Four Restaurants, Phoenix, plans to add another Italian concept to its string of specialty restaurants that includes Ed Debevic's and Steamers. Due to open in Scottsdale in June, Aldo Baldo will be a "sophisticated, high-end—but fun and eclectic—restaurant," according to Barbara Gordon, director of marketing.

With an average check of $18, Aldo Baldo will serve primarily pasta and grilled pizza.

MANY FORMATS. Of Spectrum Foods' 10 upscale concepts, (including Prego, Spiedini, Tutto Bene, Spuntino, and Chianti) all but two are Italian. The Italian formats range from the casual trattoria Ciao to the formal Harry's Bar and American Grill (patterned on the original Harry's Bar in Florence, Italy, and serving Venetian and Florentine specialties), but each shares a focus on classic Italian fare.

"Here in San Francisco we have chefs taking very creative directions, especially with Pacific Rim ingredients fused with traditional food," says Jim Kauffman, Spectrum's director of operations. "So for us it is more important than ever to take an authentic and untrendy approach to Italian foods, and not mix our messages."

CREATIVE COMBINATIONS. Selections from Harry's Bar and American Grill menu include: braised fresh rabbit, grapes, and grappa; grilled veal chop, virgin olive oil, and lemon; pasta filled with smoked salmon and ricotta, with crème fraîche, champagne, and cucumber; and saffron fettuccine with artichoke hearts, prosciutto, cream, parmesan, and basil.

The latest creation of the San Francisco-based firm is Tutto Mare, which opened in Newport Beach last April with a focus on seafood. Specialties include whole fresh fish baked in an oak-burning oven, and homemade pastas such as sea bass gnocchi with clams and tomato sauce, or black and white triangles filled with fish, with garlic and tomato sauce.

The Grisanti's chain is once again owned by president Michael Grisanti.

The number of restaurants specializing in Italian food totals 8,300, according to Re-Count.

With the proliferation of Northern Italian restaurants in Southern California, Spectrum has directed its attention toward personal service and promotion. "You can design great menus, but you must find ways to personalize the rest of the experience for your customers, and put a face on the restaurant," Kauffman says.

Offering its services to benefits and charities is one way Spectrum reaches into the community. One recent promotion suggested gift certificates for the holidays; a portion of the proceeds will go to an earthquake victims' relief fund. An additional benefit, Kauffman points out, is that most of the holiday certificates are redeemed in the typically slow month of January.

Other special events that Spectrum promotes include a monthly regional menu at each restaurant, pairing food and wine from specific areas in Italy. Direct mail to promote the event "nurtures the relationship with our customers," says Kauffman.

MATURATION. As the Italian segment continues to mature, the midscale restaurants and chains may begin to mimic the specialization of the most sophisticated establishments, predicts Olive Garden's Powell.

"The shift toward Italian foods other than spaghetti should continue," she says. "And the segment will continue to fragment beyond 'pizza' to regionalized niches."

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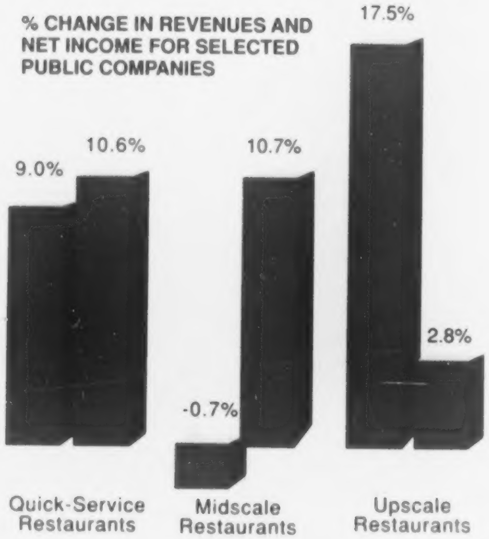
A Quartet of Culinary Classics

Alan Stillman
with his New
York Restau
Group che

THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER

% CHANGE IN REVENUES AND NET INCOME FOR SELECTED PUBLIC COMPANIES



Midscale Revenue Down

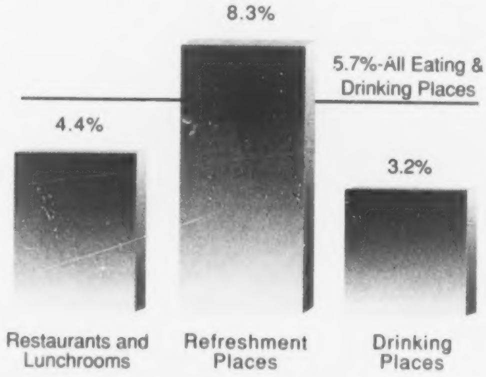
Revenue for the quick-service restaurant segment increased 10.6% in the latest quarter. Midscale rose 10.7%, and upscale operations increased 2.8%.

The net income for quick-service and upscale operations was up 9.0% and 2.8%, respectively. Midscale net income dropped 0.7%

The midscale operators who suffered the most were Shoney's (down 57%) and Pancho's Mexican Buffet (down 30%).

SOURCE: TECHNOMIC INC.

% CHANGE IN RETAIL SALES JAN.-SEPT., 1989 vs. YEAR-EARLIER PERIOD



EDP Sales Up 1.1%

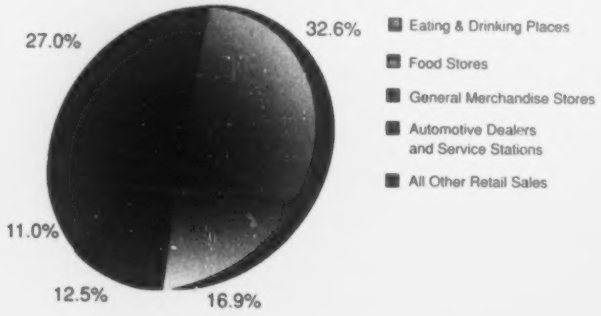
Fast-food establishments posted the highest nominal percent sales change (8.3%) of all Eating and Drinking Places for the nine months ending September 1989 versus the year-ago period.

On a real basis, overall Eating and Drinking Place sales grew at 1.1%.

Two categories, restaurants, lunchrooms, cafeterias, and drinking places, grew at only 4.4% and 3.2%, respectively, both less than the 5.7% overall Eating and Drinking Place average.

SOURCE: U.S. Department of Commerce, Bureau of the Census

SHARE OF TOTAL ADJUSTED RETAIL TRADE EMPLOYMENT OCT., 1989 (Preliminary)



TOTAL: 19.7 Million Employees

Employment Up Slightly

Eating and Drinking Place employment topped 6.4 milliom last October, according to the Bureau of Labor Statistics.

Eating and Drinking Places is the largest category of retail sales, representing nearly one-third of all retail sales employees. Other major categories are Food Stores (17% of total retail sales employees), General Merchandise Stores (13%), and Automotive Dealers and Service Stations (11.6%). All Other retail sales employees accounted for the remaining 20%.

The Food Store segment leads the groups in terms of percent change in employees as compared with the year-earlier period, at 5.3%. Eating and Drinking Place employment rose 1.4% for the same period. Total retail sales employment grew 2.2%

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics

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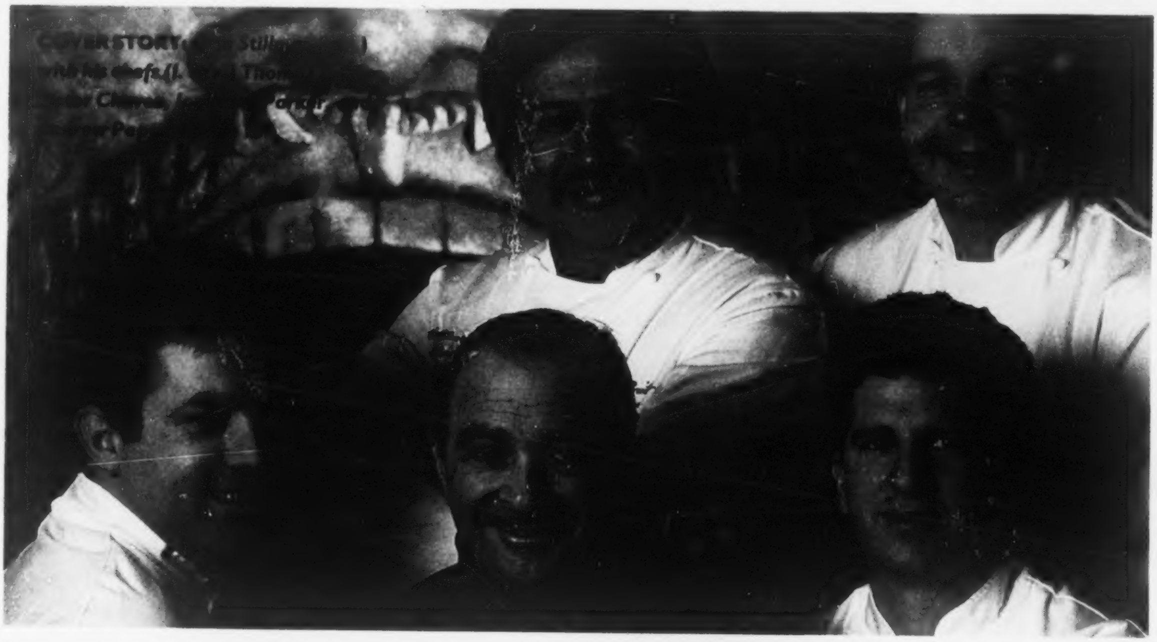

COVER STORY: [illegible] Stillman [illegible] with his chefs (l. [illegible] Thom[illegible] [illegible] Chemel, [illegible] [illegible] Pe[illegible]

COVER STORY

STILLMAN **NEW YORK RESTAURANT GROUP.** Alan Stillman was the creator of T.G.I. Friday's, which inspired the casual-theme segment. Now he is the owner and operator of four high-grossing, white-tablecloth restaurants in New York City: Smith & Wollensky; the Post House; the Manhattan Ocean Club; and his newest restaurant, la Cité, a Parisian-style bistro/brasserie, which is expected to gross $9 million this year 109

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Cover photograph by Bard Martin

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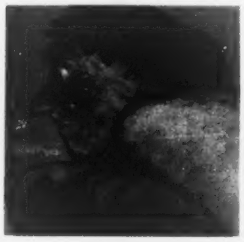

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UPCOMING INDUSTRY EVENT

The second annual **CENTER-OF-PLATE** Foodservice Conference will be held in Chicago April 2 to 4. *The C-O-P Conference is sponsored by Restaurant Business magazine and American Meat Institute (AMI).* For information, contact Nancy Nugent, AMI, PO Box 3556, Washington, DC 20007; 703-841-2400.

IN THE NEXT ISSUE

COVER STORY

MORRISON'S CUSTOM MANAGEMENT

This diverse foodservice management company, with 858 clients, is on the leading edge of where contract catering companies are going in the '90s. Morrison's has more than doubled its revenues in the last three years. Morrison's is expanding aggressively in three key ways: acquisition, a partnership with McDonald's, and diversification beyond its core foodservice.

MARKET SEGMENT REPORT

BREAKFAST

Although growth has slowed as more players have entered into the fight for the breakfast daypart, there's still ample opportunity. At breakfast, unlike lunch and dinner, consumers want their morning meal fast and easy; convenience and portability are important factors.

MENU IDEAS

SEAFOOD

This year, we focus on bargain fish, such as Petrale sole, rockfish, and pollock.

MENU IDEAS:
Robust Rice & Grains, page 141.

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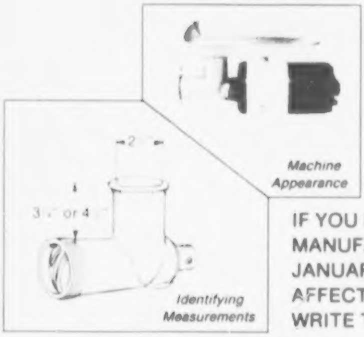

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CONVENIENCE STORE
SUPERMARKET

MARKET
SEGMENT
REPORT

Food retailers may be the greatest threat to foodservice.

By James Scarpa

IN THE 1990s AND BEYOND, THE foodservice industry will face a new source of competition—as food retailers continue to serve prepared foods. Supermarkets and convenience stores are aggressively contending for share of the expanding meals at home market.

Some retailers foresee supermarkets and grocery stores becoming the preferred choice for "fresh prepared foods," the term for foods intended for home consumption that are sold hot and ready to eat, or chilled and microwavable. This is an ominous vision for the foodservice industry, which in recent years has counted on off-premise business to help shore up soft sales and traffic trends in on-premise dining.

IMPULSIVE DIVERSION. Convenience stores seek to divert traffic away from fast-food restaurants for quick take-out meals and impulse snacks in combination with 24-hour, one-stop shopping. However, the c-store industry's first order of business is to cure its sales and profit slump. The remedy, according to some c-store chain executives, is to attract a higher demographic profile with retooled merchandising approaches and better quality foods and goods.

In short, there's an aggressive new mindset in the food retailing world. "We can put out as good a quality food as the fast feeders, if not better," says general manager Louis Katopodis of Houston's Fiesta Mart supermarket chain.

Prepared foods is a business that grosses more than $2.4 billion per year. Sales of prepared food in supermarkets for off-premise consumption have had year-to-year increases from 1987 through 1989 of 112%, 51%, and 11%, respectively, according to CREST, a service of Park Ridge, IL-based NPD Research. The rate of increase has slowed as a consequence of rapid acceleration from a relatively small base, says CREST. But the trend remains growing and viable.

THE ATTRACTION. The following statistics from *Supermarket Business* magazine illustrate why prepared foods are attractive to retailers. Prepared foods have a mean gross margin of 53.4%, one of the highest in grocery stores. They account for 2.3% of total store sales and 5.2% of total store profits, an attractive sales-to-profit ratio.

These figures have encouraged thousands of retailers to implement prepared foods programs. In the magazine's survey of 17,000 supermarkets that sell prepared foods, the leading modes were salad bars (in 56% of stores), soup bars (49%), fresh pasta (47%), and hot pizza (46%).

GLIMPSE OF THE FUTURE. For a glimpse of what the future may hold in food retailing, consider the fresh prepared foods program of the Milliston Commons supermarket in Millis, MA, a venture of the eight-store Needham, MA-based Roche Bros. chain.

Milliston Commons features a Food Court described as "a street of food shops" by deli director Paul McGillivray.

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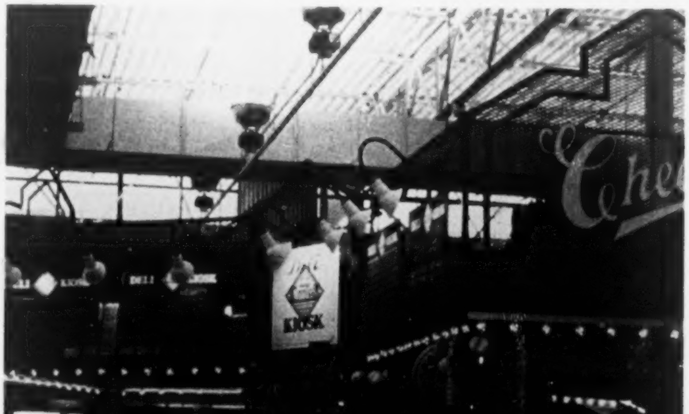
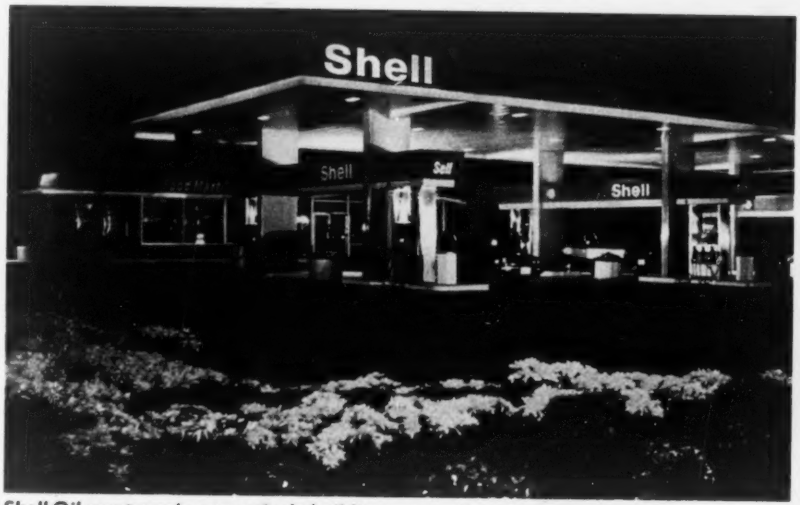


The Larry's Markets chain sells $500,000 worth of prepared food per week.

Its fresh prepared foods stations comprise the Rotisserie, which sells fried and roasted chicken and barbecued ribs; Piece Meal, for single-serving portions of soups, entrees, and vegetables; a pizza shop; a dessert bar; plus steamtable service of items such as roast turkey.



Shell Oil company is aggressively building gas station convenience marts.

The Food Court's weekly sales average $16,000, or 4% of total store sales, more than twice the volume of the delis in other Roche Bros. stores not equipped with food courts, says McGillivray.

The design features a separate entrance to the Food Court apart from the store's main entrance, saving customers a hike across the 40,000-sq.-ft. store. Two separate cashier stations allow take-out food buyers to check out unimpeded by grocery shopper traffic.

To save labor, a majority of the cooking is done in the company commissary. It uses a blast chiller to cool foods to 40° F. before they are trucked to the store. Much of the prepared food is packaged in single portions and merchandised from self-service, reach-in cases. This enables a single employee to maintain six food stations, says McGillivray.

Decor elements of black faux marble, blond wood, and suspended stained glass panels create a comfortable atmosphere. The 50-seat dining area is patronized primarily at lunch, an occasion during which 75% of business is eat-in. At dinner hour, only 10% of business is eat-in.

"BEST RESTAURANT"? The Grand Union Food Center in Kingston, NY, makes no bones about its mission. Point-of-sale materials tout it as "the best take-out restaurant in town." A venture of the 305-store Grand Union supermarket chain, based in Wayne, NJ, the store devotes a third of its 64,000-sq.-ft. space to fresh prepared foods, including nearly 200 ft. of display cases. Food court offerings include popular Italian, Oriental, and Mexican dishes; it also sells familiar fare such as meatloaf, ribs, roasted chicken, freshly baked goods, and cooked seafood. Most of the big-batch cooking is done in Grand Union's new commissary.

In Seattle, the six-unit Larry's Markets chain is at the forefront of fresh prepared foods. Customers take home $500,000 worth per week, or 18% of total store sales, three times the industry average. Larry's is consolidating much of its food production from store kitchens into a commissary to achieve economies of scale and consistency.

Convenience stores are diverting customer traffic away from fast-food restaurants.

PROGRESSIVE. Another example of progressive ideas in prepared foods can be seen in the recently opened supermarket in Greece, NY, owned by the privately held, 42-unit Rochester-based Wegmans chain.

The 100,000-sq.-ft. Wegmans in Greece greets customers with the Wokery Chinese food kiosk. Cooks stir fry dishes to order for eating in-store or for take-out. There's an array of fruit and vegetables, a pizza shop, and a bakery.

Sales of fresh prepared foods contribute $100,000 per week to the incredible $100 million annual total volume of Stew Leonard's in Norwalk, CT, a single dairy store that also sells meat and groceries. The store began its take-out program five years ago with a salad bar. It has since added self-serve steam tables that offer Oriental dishes; Italian specialties; soups; and plain steamed vegetables for the diet-conscious. It promotes take-out dinners of turkey with all the trimmings for $2.49 per pound under the banner, "It's Thanksgiving Every Day at Stew Leonard's."

AROUND THE COUNTRY. There's additional evidence of fresh prepared foods activity in markets around the country. Houston-based Fiesta Mart, a 19-store chain, is testing fresh microwavable entrees, pasta sauces, Chinese dishes, and side dishes. Its deli department sells slabs of ribs, whole briskets, and whole roasted chickens. The 20-unit Ukrop's supermarket chain based in Richmond,

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VA, recently opened a new store featuring a Grill and Wok, and sells regional food specialties. In Los Angeles, Von's supermarkets have incorporated a Chinese fast-food concept into one store.

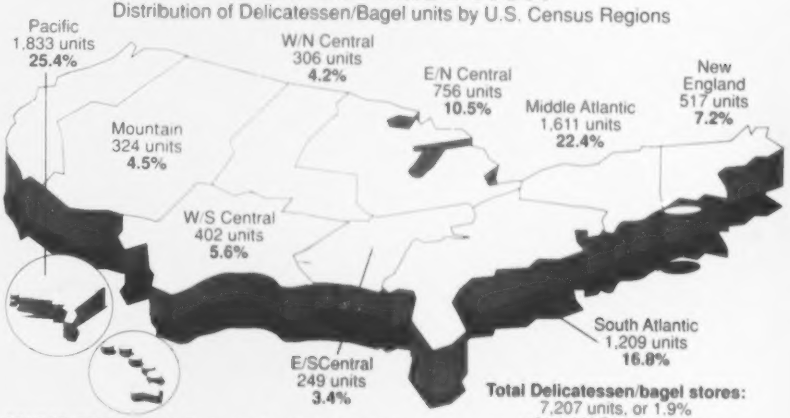
"We're moving into an area that's very competitive, with other supermarkets, convenience stores, and even drugstores and department stores offering some kind of foodservice," says Mary Ellen Burris, director of consumer affairs of Wegmans supermarkets, who declined to elaborate on her company's programs.

INSULAR. In evidence is the insular culture of the food retailing industry, in the opinion of Howard Solganik, a Dayton, OH-based supermarket food consultant. "For a long time, the culture of food retailing has made it difficult to accept new ideas and new people from outside the industry," he says.

However, the culture is changing. Realizing the profit potential, retailers are seeking foodservice talent to improve their deli sections. Apparently, some chefs and cooks are happy to flee the long hours and pressure of the foodservice industry. According to Solganik, a position in supermarket food production offers fewer hours, little or no night, weekend, and holiday work, and often, better salaries and benefit programs.

DELI DISTRIBUTION

Distribution of Delicatessen/Bagel units by U.S. Census Regions



Total Delicatessen/bagel stores:
7,207 units, or 1.9%
of total U.S. restaurants

SOURCE: RE-COUNT '89, Restaurant Consulting Group Inc.

The freshly prepared foods business is grossing more than $2.4 billion per year.

Hot Dogs
2 For 99¢
99¢
99¢
Ice Cr

AM/PM Mini Marts offer hot dogs, pizza, chicken, burritos, and more.

EXPERTISE. The influx of foodservice expertise should improve supermarket take-out food. And, it is a mistake to underestimate the potential competitiveness of supermarkets, especially in view of the industry's financial muscle. Large, high-volume supermarkets may achieve weekly grosses of $500,000, $750,000—as much as $1 million. A 20-store chain, small by industry standards, may be a $250 million to $300 million operation. The implication is clear: Should the supermarket industry marshal its resources in the take-out market, the impact on restaurants could be severe.

Customer preference for familiar homestyle foods over the exotic was a recurring theme mentioned by prepared foods retailers. "Take-out food customers want meatloaf, not squid-ink pasta,"

continued on page 132

says consultant Solganik.

Nutrition is an issue in supermarket prepared food purchases to a certain extent, but retailers agree that taste is the consumer's deciding factor. Still, retailers such as Schnuck's Supermarkets, a 57-unit chain based in St. Louis, are rewriting recipes to use less fat and sodium. In addition, Schnuck's offers a line of 300-calorie entrees, according to James Duchek, vice president of specialty foods.

It's evidently not difficult to sell consumers on the taste of freshly prepared foods. But will they bite on items priced significantly higher than deli standards such as sliced liverwurst and potato salad? "The consumer is not yet convinced that he should pay $5 or $6 for an entree, even though it's top quality and freshly made," says Louis Katopodis of Houston's Fiesta Mart. "But consider the prices of frozen entrees, which are up to $4 and rising."

SUPER RESTAURANTS. Predating the emergence of food courts and elaborate prepared foods departments, some supermarkets have incorporated their own restaurant concepts. According to *Supermarket Business*, some 2,000 supermarkets have in-store dining, predominantly snack bars patronized mostly at lunch. Of these, 270 are full-service restaurants.

One of the best known supermarket restaurant operators is Byerly's, the Edina, MN-based supermarket chain, which since 1968 has been operating full-service, 24-hour restaurants ranging from 160 to 225 seats. Byerly's combined restaurant and prepared foods sales account for about a quarter of its total sales. The company says it wouldn't consider building a new store without a sit-down restaurant. "Foodservice—both restaurant and deli take-out—is the fastest-growing part of our business," says director of retail operations Dale Riley.

Schnuck's Supermarkets began by operating lunch counters in its stores 30 years ago, says Duchek. Today, the supermarket chain has 17 store restaurants, and recently opened a freestanding one. They range in size from 120 to 230 seats, some with banquet facilities.

C-store segment-leader 7-Eleven has strong foodservice sales.

Supermarkets have discovered that prepared foods have a mean gross margin of 53.4%.

C-STORES SLOW GROWTH. In the convenience store industry, growth is sagging. Pre-tax profit percentage is down from 3.1% in 1984 to 1.9% in 1988. Debt-laden industry leaders 7-Eleven and Circle K are braking the vigorous growth they recently enjoyed.

C-stores are suffering from stiffening competition from grocery stores and supermarkets that have added take-out foods and sundry consumer items. In addition, research reveals that supermarkets enjoy a better reputation among consumers for lower prices and higher quality food than c-stores.

On another front, c-stores are buffeted by competition from oil companies such as ARCO, Shell, and Amoco, which are aggressively building gas station convenience marts in advantageous street-front locations all over the country.

SQUEEZED. In addition, some c-stores that implemented foodservice programs requiring kitchen equipment installation for the promise of higher margins are squeezed by the resultant capital and labor costs.

But foodservice broadens c-stores' appeal. Research indicates that consumers consider c-stores the preferred source for items such as hot coffee, tea, and chocolate in single-serving containers, fountain drinks, and baked goods, according to the Alexandria, VA-based National Association of Convenience Stores (NACS).

WHAT THEY DO WELL. The experience of successful operators indicates a market for these foods and other types that c-stores can do well—simple take-out meals and impulse snacks. Examples are the recent deals offered by Jr. Food

continued on page 134

Stores, a Bowling Green, KY-based c-store chain: a sausage biscuit and a free cup of coffee, priced at $1.29; and a hot dog with a free 12-oz. fountain drink, priced at 89¢.

Foodservice is attractive to c-store operators because it provides higher margins and profits per square foot than other items, says a NACS spokesperson. However, operators generally have not taken full advantage of their foodservice opportunities. While c-store food may meet the consumer's expectations for convenience and speed of service, it lags behind in quality. "Consumers have been spoiled by the high performance of fast-food restaurants," says senior consultant Greg Volsko of C-Store Concepts in Plano, TX.

QUALITY REQUIRED. Poor products, rather than supermarket and gas station competition, are the real causes of c-stores' poor performance, according to V.H. Van Horn, president and CEO of Houston-based National Convenience Stores (NCS), parent of the 1,100-unit Stop & Go chain.

Other industry voices indict c-store food. "People in the marketplace don't perceive it (c-store food) as contemporary," says John Stigmon, Circle K's national product manager for foodservice. Director of advertising Gene Clark of Jackson, MS-based Jr. Food Marts (not to be confused with Jr. Food Stores of Kentucky) blames "pre-fab foods that are long on shelf life but short on quality."

LOCAL RESPONSE. Van Horn's solution is to change the merchandise in Stop & Go stores to correspond to local demographics. Stores in upscale neighborhoods will stock gourmet items; stores in ethnic neighborhoods will reflect the prevailing cultural values and decor. NCS says it will back the new strategy with $12 million in advertising over the fiscal year, up from last year's $10 million. Preliminary results of this move at press time indicate sales increases of 4% to 5% per week.

In addition to deli/take-out, some supermarkets now even have in-store restaurants.

Like Stop & Go, Phoenix-based Circle K, the industry's number-two player with 4,685 units, is contemplating a new marketing thrust to appeal to different constituencies. "We feel we can appeal to other groups than the traditional blue-collar customer of the past," says Stigmon. "We'd like to skew more toward office workers and white-collar workers."

SETTING THE PACE. Circle K and 7-Eleven, the industry's unit leader with 7,000 stores, have set the pace in c-store foodservice with programs such as donut merchandising joint ventures with Dunkin' Donuts and Winchell's Donuts. But lately, the big players have been wrestling with the financial consequences of their aggressive expansion, acquisition, and leveraged buy out activity.

7-Eleven's parent, Dallas-based Southland Corp., insists that new products and new marketing will not be hindered, despite conceding that a recapitalization may be in order to offset a cash flow problem resulting from its $4.9 billion LBO in 1987. New flavored coffees are in test, and ongoing promotions are planned for its recently rolled out breakfast sausage sandwich and its popular hot dogs and deli sandwiches.

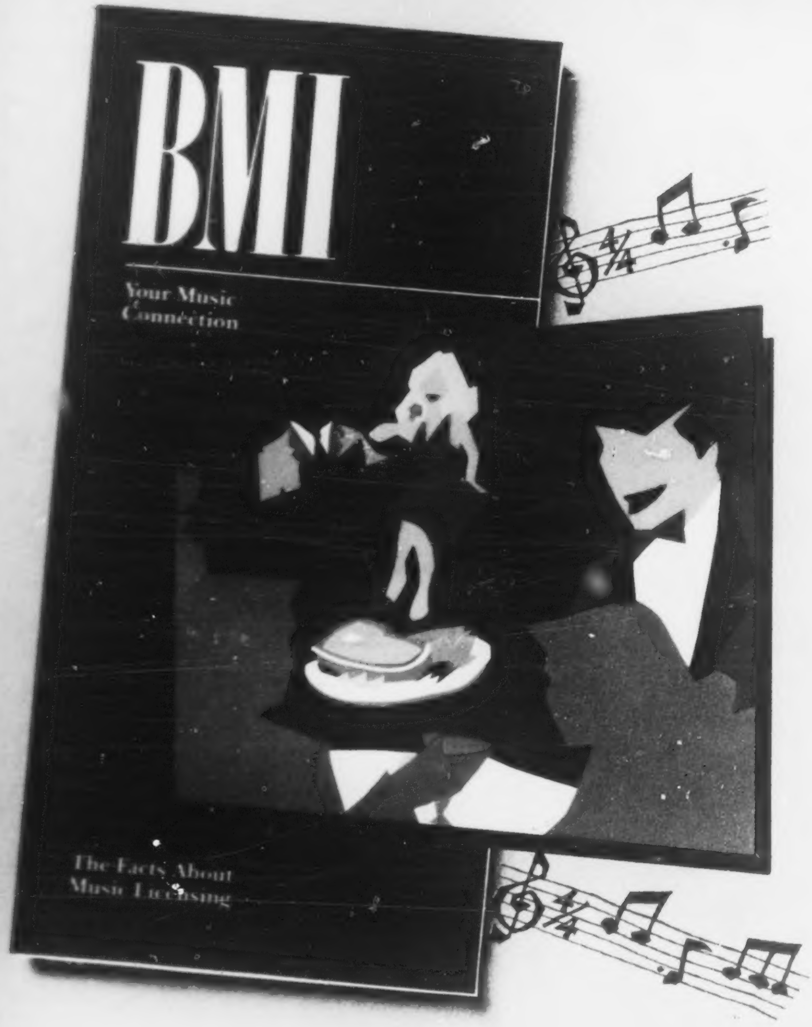
Circle K's worry is $1 billion of long-term debt rolled up in its aggressive acquisitions of the past decade. To pare the debt, Circle K will refrain from buying or building stores in 1990, and will sell 25 stores in Hawaii and 120 in New England.

REGIONAL CHAINS. C-stores traditionally have thrived in small niches in which other larger competitors find it difficult to profitably operate. It is not surprising then to see much of the leadership in foodservice coming from the ranks of the smaller regional chains.

A regional player proficient in foodservice is Jackson, MS-based Jr. Food Marts (JFM), a 460-unit chain in the South and Midwest. It entered the foodservice business 15 years ago with its signature Creole Fried Chicken. In addition, JFM has implemented a successful

continued on page 138

The Byerly's supermarket chain has been operating restaurants since 1968.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Some retailers have found that food and labor costs are the downside to offering foodservice.

in-store bakery and deli and is experimenting with pizza by the slice.

HEAT AND SERVE. JFM's foodservice programs are successful, but other chains that have gone into scratch-prepared foods have suffered operational problems, cost overruns, and training and turnover problems. For those reasons, scratch-cooking approaches are being used less commonly than heat-and-serve products. "A number of chains are downscaling and simplifying their foodservice," comments consultant Greg Volsko of C-Store Concepts.

Traveling another avenue of foodservice is White Hen Pantry, an Elmhurst, IL-based chain of 375 stores in the Midwest and 65 in New England. It is experimenting with "fresh" entrees for take-out, according to director of merchandising services Tom Romanello. The "fresh" items are fully-cooked, never-frozen entrees made by a major food manufacturer. In addition, White Hen Pantry is expanding its fresh-ground coffee program with new flavors. Promotions typically co-merchandise a cup of coffee with a bran muffin or a newspaper for a discounted price.

On the sandwich front, last year White Hen Pantry cross-promoted its Double Stuffer submarine sandwich with name-brand cola and corn chips, $2.99, and a souvenir soft drink cup.

OIL SLICK. While convenience stores try to regroup, oil companies are seizing an opportunity. They are incorporating

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scaled down c-stores into gas stations at a rapid pace, recognizing it as a good source of incremental sales and profits. To their advantage, gas station convenience marts are driven by well-capitalized corporations capable of making big capital expenditures, and they enjoy street-front and highway locations all over America. As corporate communications manager Melissa Scheitler of Crown Center Petroleum puts it, "We want to add as many additional profit centers as possible."

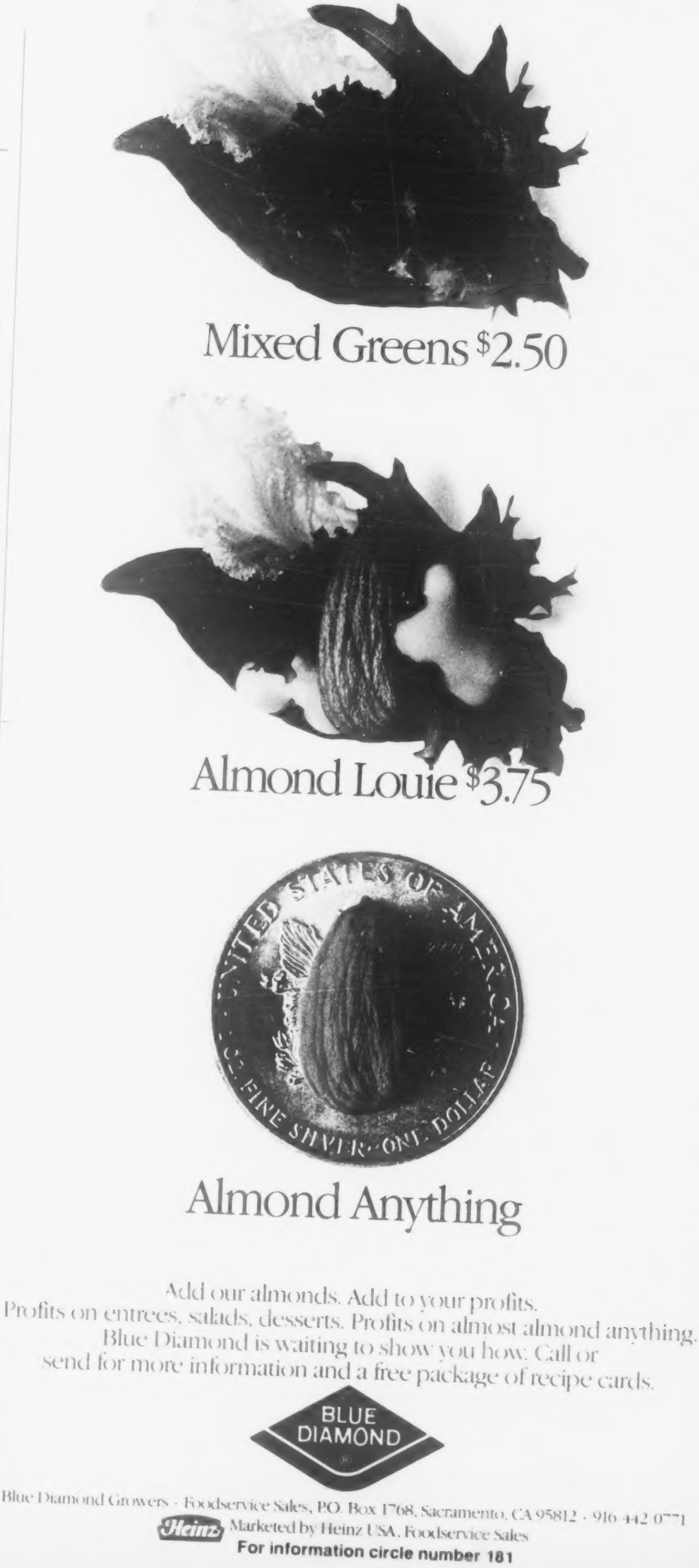
LIMITED MENU. Typical are the 300 Food Marts that Houston-based Shell Oil Co. runs among its nearly 10,000 gas stations. A Shell Food Mart ranges in size from 800 sq. ft. to 1,500 sq. ft. and sells packaged snacks, soft drinks, sandwiches, and a limited line of groceries. A few make fresh sandwiches on site.

Offering more extensive foodservice is Los Angeles-based ARCO's AM/PM Mini Marts concept, which operates in 700 of its 1,600 stations nationwide. ARCO offers gasoline customers a menu of hot dogs, a 20-oz. cup of coffee, pizza slices, quarter-pound cheeseburgers, plus egg rolls, nachos, french fries, burritos, ice cream, and fried chicken.

TESTING. A test of fried chicken is under way in some Zippy Mart and Fast Fare convenience shops operated by Baltimore-based Crown Center Petroleum, a 730-unit chain of self-serve gas stations in the Southeast. They also peddle hot dogs, pizza, danish pastry, sausage biscuits, and sandwiches, some prepared in a company commissary.

Chicago-based Amoco has 1,000 Food Shops among its 12,000 stations in 30 states. They sell mainly "fast grab impulse items," such as candy bars, granola bars, beer, and soda, says a spokesperson. To a lesser extent, they offer microwavable chili, burritos, soups, sandwiches, burgers, and hot dogs.

Many of these oil company convenience shops are conversions of conventional gas station repair bays. "The old two-bay gas station is going the way of the dodo bird," says C-Store Concepts' Greg Volsko. "The operator makes more money selling chips and soda than oil changes and repairs."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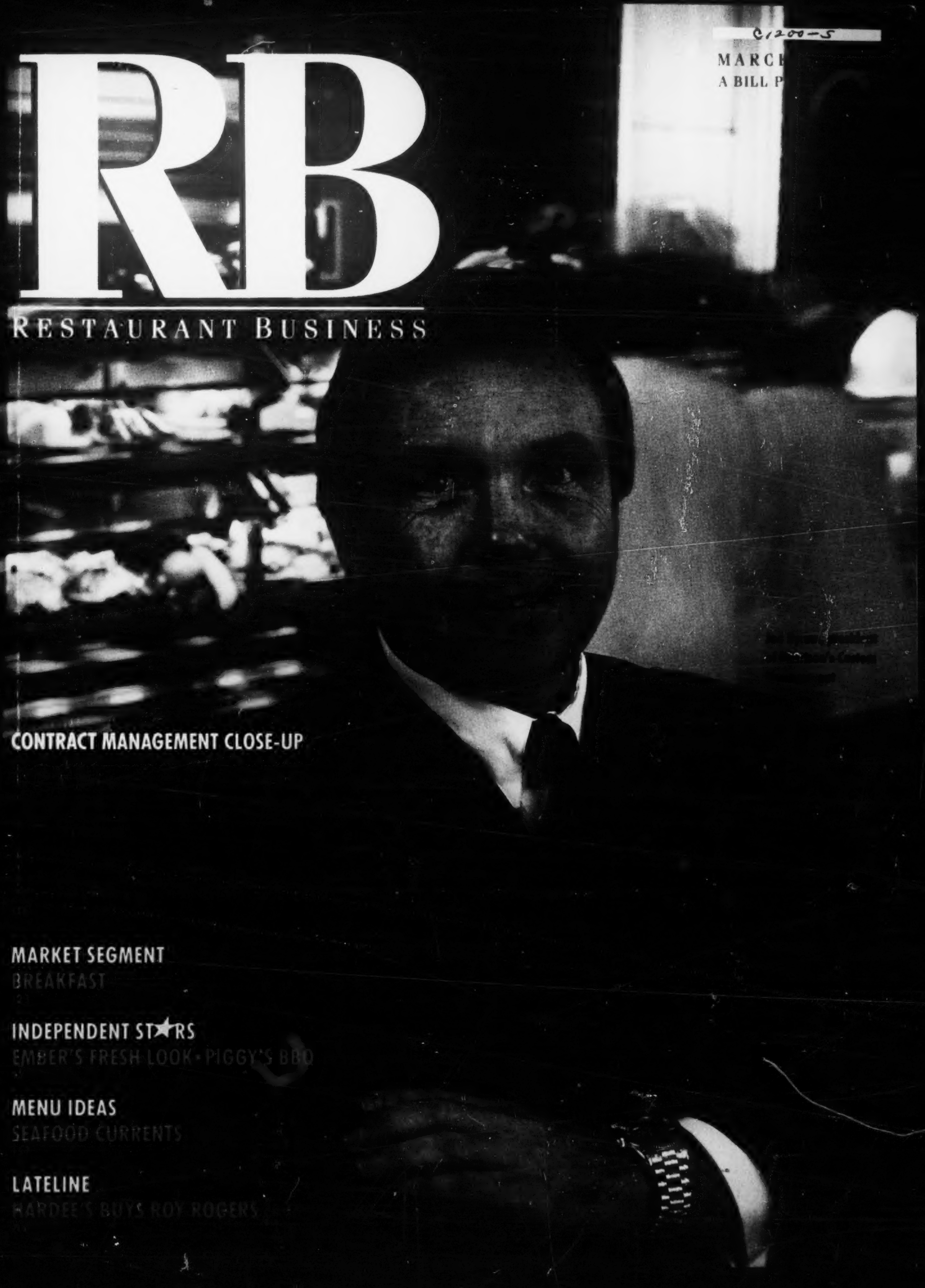

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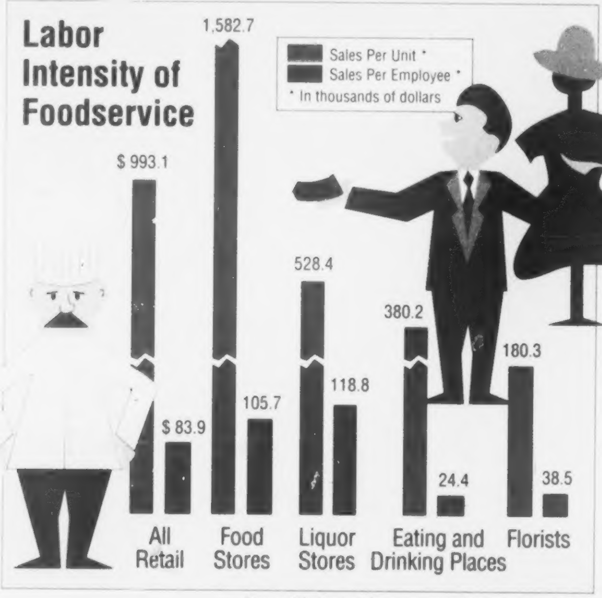
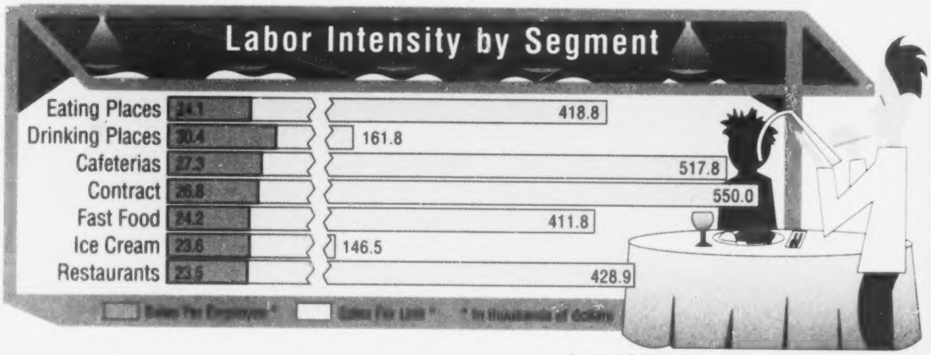


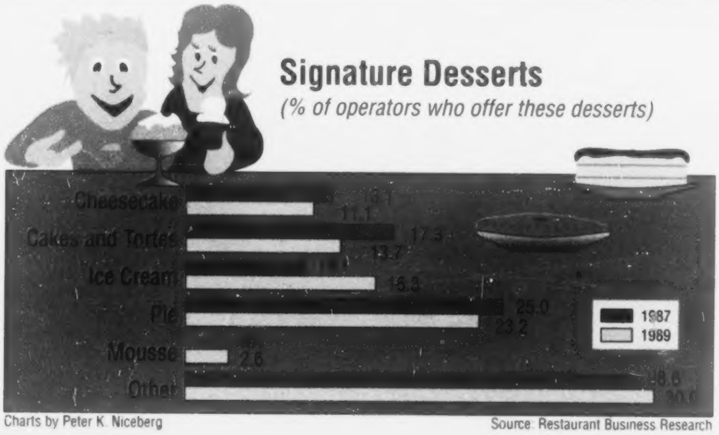
Source: U.S. Dept. of Commerce, 1987 Bureau of the Census

Foodservice lags behind all other retail businesses in a key measurement of productivity: sales per employee. According to the Census of Retail Trade released last August, eating places generated only $24,400 in annual sales per employee versus $83,900 per employee for retail businesses overall in 1987.

Within the eating place sector, cafeterias achieved the highest sales per employee, followed by contract feeding facilities and fast–food units.



Source: U.S. Dept. of Commerce, 1987 Bureau of the Census



Charts by Peter K. Niceberg

Source: Restaurant Business Research

***RB* research shows that operators have trended away from such traditional favorites—cakes and pies—in favor of more ice cream desserts. At least 25% of restaurateurs questioned said they update their dessert menus daily.**

RESTAURANT BUSINESS

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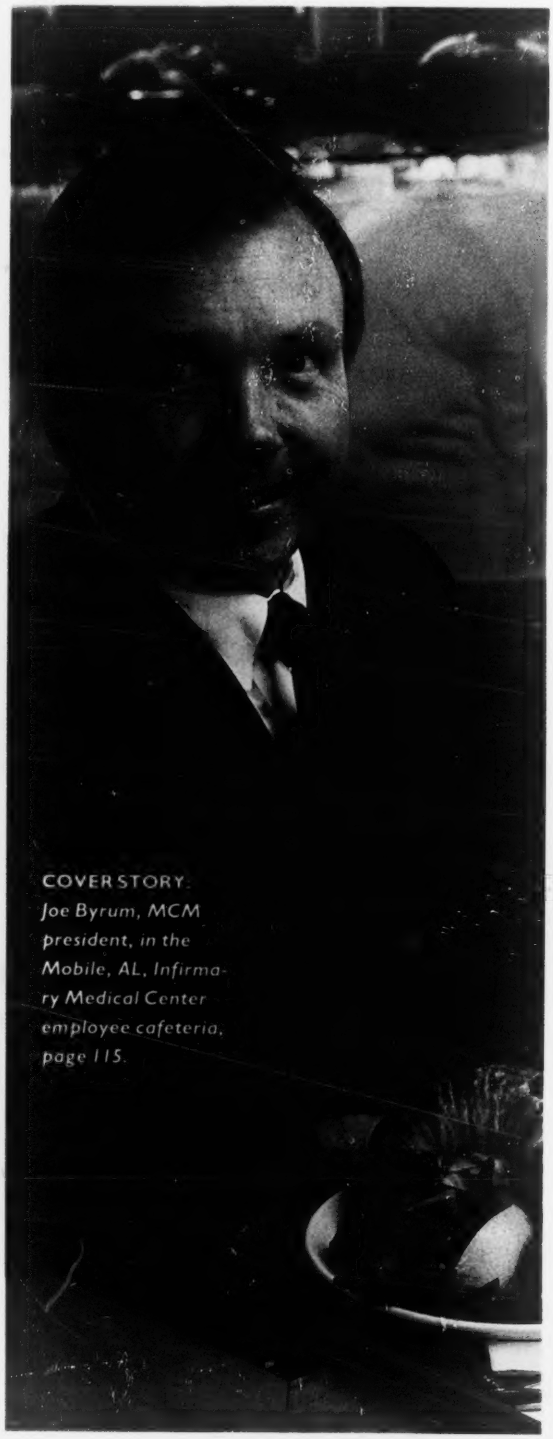

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COVER STORY

CONTRACT MANAGEMENT **MORRISON'S.** Boosted by key acquisitions and ongoing innovation, Morrison's Custom Management is an impact player in contract management. In health-care services, it leads the industry and has entered a high-profile marketing alliance with McDonald's. In that segment, and in B&I and colleges, it's a trendsetter in healthy dining, take-out, specialty food modules, and brand-name marketing. It's also diversifying into retirement communities and environmental services **115**

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Cover photograph by Michael Terranova

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UPCOMING INDUSTRY EVENT

The second annual **CENTER-OF-PLATE** Foodservice Conference for Operators, Distributors, Meat Packers, and Processors will be held in Chicago April 2 to 4. For more information, contact Nancy Nugent, American Meat Institute (AMI), PO Box 3556, Washington, DC 20007; 703-841-2400.

IN THE NEXT ISSUE

COVER STORY

FRANCHISING

The 25th Annual Franchising Report focuses on the tremendous potential for creating new opportunities. As in past years, this comprehensive, state-of-the-industry report includes information on the top 11 major market segments (hamburger, seafood, chicken, pancake, pizza, Mexican, steak, sandwich, ice cream, donut, c-store), as well as the current franchising environment and franchise friction points. Rally's, the fastest-growing second-tier chain, will be featured.

MENU IDEAS

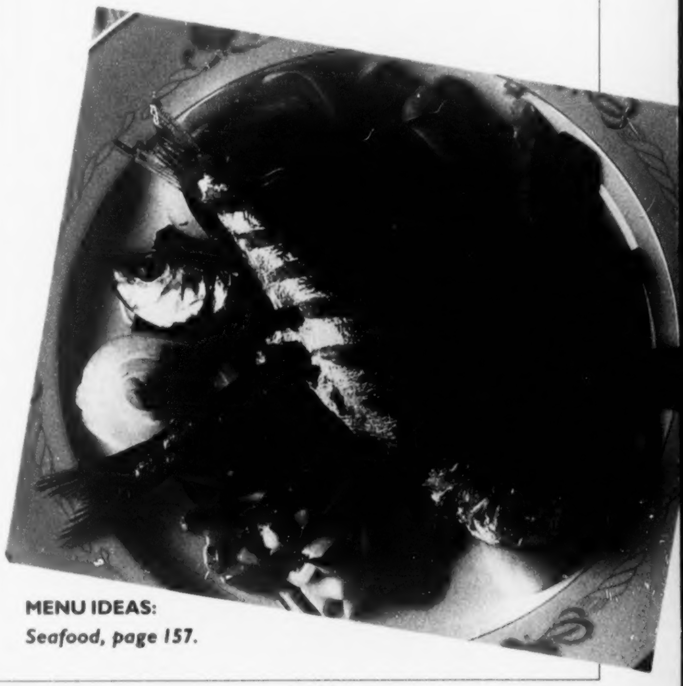
PIZZA

This article takes a look at this savory dish's roots and primary components. It will offer tips on what makes a successful pizza, and why it is so popular. The article will also focus on pizza pies beyond the classic pepperoni and anchovy.

SPIRITS

WORLD CLASS WHISKIES

Top-caliber whiskies are a promotional bright spot in an overall declining spirits market.



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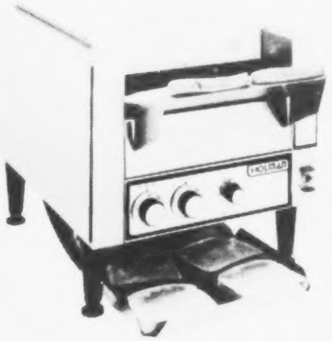
HOLMAN

CONVEYOR
TOASTERS



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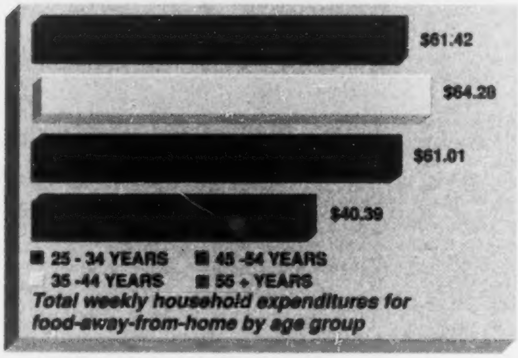
Household Expenditures



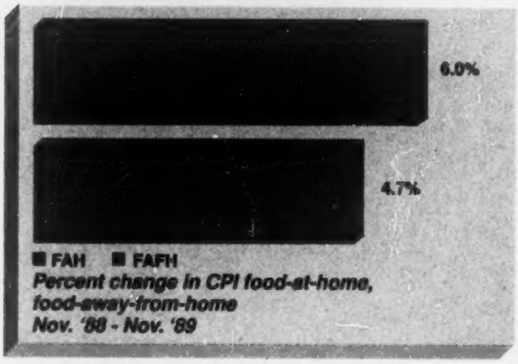
Total weekly household expenditures for food-away-from-home by age group

Total weekly household expenditures for Food Away From Home (FAFH) averaged $62.46. Consumers between the ages of 25 and 54 come very close to this average, while consumers over 55 spend significantly less, just over $40 per week.

In light of the "Greying of America" that is taking place, a considerable number of consumers will be shifting from the 45 - to - 54 - year - old age bracket to the 55 - and - over group. As this change occurs, restaurant operators will need to focus on aging baby boomers' needs.

SOURCE: TECHNOMIC, INC.

FAFH Holds Steady



Percent change in CPI food-at-home, food-away-from-home Nov. '88 - Nov. '89

The consumer price index for Food Away From Home increased 4.7% from November 1988 to November 1989, compared with 6.0% for Food At Home (FAH).

The percent change in FAFH continues to be lower than that in FAH due to foodservice operators' difficulty in passing along price increases, as well as the relatively small share of operators' costs directly representing food costs.

SOURCE: U.S. DEPARTMENT OF COMMERCE, BUREAU OF THE CENSUS

NRA's Rusitzky Urges Action on Solid Waste

Operators and suppliers must voluntarily find an integrated solution to the growing solid waste dilemma in order to stave off a flow of bans, taxes, and other legislation, according to panelists at a recent NRA symposium.

The solutions, experts said, must combine such methods as source reduction, recycling, incineration, and the use of biodegradable products.

Held in Washington, DC, the NRA's first solid waste symposium gathered politicians, solid waste experts, suppliers, and operators to confront what NRA president Harris "Bud" Rusitzky called "the industry's most visible issue" for the 1990s.

That visibility, Rusitzky said, has caused foodservice to be singled out for a disproportionate share of the overall solid waste blame. Foodservice packaging accounts for only a fraction of 1% of all landfill space, according to professor William Rathje of the University of Arizona.

"Even though foodservice is only a small part of the total problem, this is its opportunity to be a large part of the solution," said Michael D. Long, executive director of the Franklin County Regional Solid Waste Management Authority in Grove City, OH. "Operators have direct control of the materials they give to consumers."

Action on refuse handling, panelists agreed, will not only preempt cumbersome legislation, but reduce operators' haulage fees and gain favorable publicity.–**Nancy Cohen**

Carvel
ICE CREAM

Carvel will now expand beyond the East Coast.

Carvel Eyes National Growth

Yonkers, NY-based Carvel Corp. plans to expand its 56-year-old soft-serve ice cream chain beyond the East Coast.

In the wake of its purchase by Investcorp Inc., a New York City-based investment bank, Carvel will move to improve relationships with franchisees and develop additional frozen dessert products.

Investcorp paid more than $80 million for Carvel and two subsidiaries: the small, New York City-based Nedick's hot dog chain, and Dugan's, a bakery products company.

Carvel operates in 17 states, clustered primarily in New York, Florida, Connecticut, Massachusetts, and New Jersey.–**James Scarpa**

Insights cont. on p. 53

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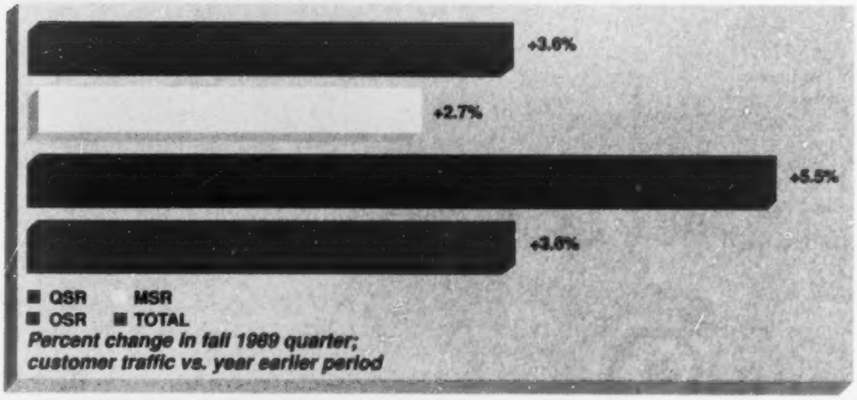
MOVING UP....

Scott Santos was named director-personnel at Pizza Hut....McDonald's promoted its president and chief executive, **Michael R. Quinlan**, to chairman and chief executive, effective March 31....**Judith Korey Charles** was named the executive director of the Roundtable for Women....**Egon G. Gronau**, director of operations for New Jersey's Manor, Highlawn Pavilion, and Ram's Head Inn restaurants, was re-elected president of the International Geneva Association, a culinary organization....Marriott Corp. named **Jonathan R. Jameson** vice president-marketing for Marriott Family Restaurants....**Arthur Karp** was sworn in as the 1990 chairman of the **International Franchise Assn.**, moving up from vice chairman....**–Herme Shore**

Customer Traffic Soars



Traffic for the quarter ending November 1989 increased in every segment, with the strongest growth, 5.5%, in upscale restaurants.

According to NPD Research, a CREST service, these increases suggest that consumers are not patterning their frequency to the economy. There seems to be a trend of families moving away from quick service and more towards midscale and upscale, where they can not only "treat" themselves but use credit to pay instead of cash. This theory also supports the rise in midscale traffic after many quarters of decline.

SOURCE: NPD RESEACH, A CREST SERVICE

SUPPLY LINES

The International Foodservice Manufacturers Association (IFMA) established the William J. Tobin Scholarship Award for its Foodservice Institute, University of Notre Dame. Tobin is president of Nabisco Brands Inc.'s foodservice division....Jeffrey L. Napoleon was named vice president-sales at **Banfi Vintners**....**Universal Frozen Foods Corp.** appointed Robert S. Horowitz vice president-sales and marketing-....Edward K. Jorgensen was appointed senior vice president-sales; Michael P. Shay was named vice president-marketing for **Kellogg Foodservice**, a newly formed division of Kellogg Co. The division unites Kellogg's cereals, Pop-Tarts toaster pastries, Smart Start bars, Eggo brand frozen waffles, Mrs. Smith's brand frozen pies, and LeGout food products....At **Ketchum/Mandabach & Simms,** William H. Schoenwald became senior vice president-group supervisor, and Linda J. Masterson became senior vice president-creative director....As part of the 1990 Silver Oats program, **Quaker Food Service** will donate $10,000 to Second Harvest, America's Food Bank Network, to help feed the hungry....**Ambrosia Chocolate Co.** will start construction on a new multi-million dollar manufacturing facility and headquarters on property recently annexed from Menomonee Falls, a northwest suburb of Milwaukee....JoAnn Maloney was appointed vice president-account services at **The Food Group**....**Ice Craft** is building a $10 million plant in Rockton, IL....**Hatco Corp.** named David G. Hatch to chairman of the board and Ronald C. Halverson to executive vice president....**Del Monte Foods** was acquired by an investor group headed by Merrill Lynch & Co. Inc., for $1.475 billion ....**Douwe Egberts Foodservice,** a division of Sara Lee Corp., has chosen Noble Public Relations as its agency of record....**Micros Systems Inc.** named Paul Armstrong vice president-research and development ....Robert Ritchie was named vice president-commercial sales at **Royal Doulton USA**....**Middleby Marshall Inc.** promoted John T. Hinshaw, C.F.S.P., to marketing manager....James Murphy was elected to the board of directors of **Domecq Importers Inc.**...Dean Abrams was named to the post of vice president-sales at **Seafest/Jac Creative Foods.–Herme Shore**

Michael P. Shay.

Edward K. Jorgensen.

RB
RESTAURANT BUSINESS

CONTRACT [illegible]

Why Morrison [illegible]

RB COVER STORY

[illegible]

sifying into retirement comm

ties and environmental services.

Continued on page 116

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THE CONTRACT ARM OF MORRISON INC. WILL PLAY A MAJOR ROLE IN ITS PARENT'S GROWTH PLANS.

BY JAMES SCARPA

MORRISON'S CUSTOM MANAGEMENT is betting big on health care.

The contract feeding and management arm of Mobile, AL-based Morrison Inc., Morrison's Custom Management (MCM) is a fast-growing player positioned at the forefront of the foodservice management business. And while MCM has diversified widely in the past three years within the B&I, educational, and environmental support services sectors, it is success in the health-care field that will continue to propel the company forward in the next decade. From 1986 to 1989, MCM more than doubled its revenues and client base to a company record of $345.7 million from 858 units. More than half of these revenues were generated by its health-care sector—in both hospitals and retirement services.

Indeed, while MCM ranks fifth in total revenues behind Marriott Food Services Management, ARA Services, Canteen Corp., and Service America—contractors with revenues measured in the billions—MCM tops them in the number of hospital foodservice clients it serves (see table, page 121). Furthermore, its leadership role transcends sheer numbers, proven by advances in brand-name marketing, menu innovations, in-unit merchandising, food standards, and client retention with its C.A.R.E. (Client Assured Results Evaluation) team.

C.A.R.E. conducts internal audits within existing accounts to ensure each unit's compliance with the conducted service. This strategy directly impacts MCM's excellent client retention record, which currently stands at better than 95%.

RAPID RISE. Morrison's Custom Management has grown quickly through new business and through the introductions of sales-building marketing and point-of-sale programs. The company has jump-started its presence in the contract field by acquiring strong regional companies, and has made promising initial forays into the areas of retirement services and the environmental services. In addition, MCM has entered into a high-profile marketing alliance with McDonald's.

MCM is playing an increasingly important role for its parent Morrison Inc., a diversified foodservice company that has two other main divisions: Morrison's Family Dining (represented by the Morrison's Cafeteria chain) and Morrison's Specialty Restaurants (Ruby Tuesday, L&N Seafood Grill, and Silver Spoon casual dining chains). Between 1987 and 1989, MCM's contributions to Morrison Inc.'s income increased from $8.7 million to $14.3 million.

"We entered the contract management business in 1952 with the anticipation of a good growth market," says E. Eugene Bishop, MCM chairman and CEO. "We have been rewarded, and we know there is still billions of dollars of opportunity yet unrealized in the segment. That's why we're more

MCM targets customers with a retail approach to food service.

excited than ever to have MCM become part of our company."

Key acquisitions have made growth possible, expanding MCM's presence from a regional contractor in the Southeast to a national player with accounts in 39 states and Canada. In 1987, the company—then called Morrison's Management Services—purchased and then subsequently merged with Custom Management Corp., creating MCM and saving the company years of infrastructure-building in the Northeast and Midwest (particularly in university accounts), adding to its management talent in the bargain. The acquisition in 1988 of Dobbs Food Service Management bolstered MCM's presence in the mountain states, while the 1989 purchase of Manask served the same purpose in Southern California.

In the aftermath of these acquisitions, MCM is eliminating duplicate layers of management, standardizing procedures, and winnowing marginal accounts.

"Our main commodity is capable managers," says MCM president and COO Joe Byrum. "We can't spend them on accounts that don't uphold our quality image."

MCM's strong suit is its Health Services segment, which provided 51% of the company's fiscal 1989 revenue. The health-care segment is a market that should continue to grow, according to *Restaurant Business'* Restaurant Growth Index study: Foodservice sales of hospitals and nursing homes with contract feeding are projected to grow at a real compound annual rate of 4.5% between 1988 and 1992. This outperforms the overall industry, with expectations of 2.1% real compound annual growth. As Bishop puts it, "We believe there is plenty of growth remaining in contract services, particularly in health care."

Balancing the opportunities, however, are the unhappy realities of doing business in the health-care field today. Chief among these are skyrocketing costs and tightened federal reimbursement requirements, coupled with declines in admissions and duration of patient stays. These problems are forcing hospital administrators to take a hard-nosed, bottom-line attitude.

CONTRACTOR'S EXPERTISE. But these realities will favor the use of contract foodservice over self-operated services in the health-care market, says Byrum. Administrators are seeking the contractor's expertise and economies of scale to hold down costs, create revenue-enhancing services, and provide increasingly more sophisticated clinical dietitian services.

MCM is moving forward to upgrade its image in its hospital accounts. Institutional-style cafeterias are being remodeled into delis and grills with logoed signage and color-enhanced decor. Executive chefs are being hired to add polish to special dining rooms, catering programs, and hotel-like amenities such as room service and early morning coffee and newspaper deliveries for patients. And marketing and merchandising programs typical of retail settings are being integrated into employee-feeding installations in the health-care facilities—as well as contracted accounts—the company serves.

"The entire segment is becoming more retail in character," says Byrum. "The requirements for foodservice are much more sophisticated than they were even five years ago."

"Administrators do not want food to be a factor in losing patients—and doctors—to another hospital," adds Joe Cassady, who is the division vice president of the Western region.

MCM aims its improved foodservice program at an important target, the physician. It is the physician who refers most of the patients to the hospitals.

"Competition for doctors is intense," says Fred Whitlock, division vice president of the Eastern region. "Administrators think that any amenity that attracts them or keeps them happy is worth it."

But despite rising expectations, hospitals—like their counterparts in the corporate world—have been reluctant to pay subsidies for foodservice, making it a tight squeeze indeed to deliver quality food. Interestingly, however, Byrum has seen signs in the last few months that this situation may finally be changing.

The most exciting single development in health care from MCM's point of view is its marketing alliance with McDonald's. Broward General Hospital in Ft. Lauderdale, FL, is the first example of the marketing alliance with the Oak Brook, IL-based company, and several other facilities are said to be under consideration.

Under the arrangement, MCM operates patient feeding and employee cafeteria operations at Broward General, while McDonald's operates a separate quick-service restaurant elsewhere on the premises. According to the principals, the McDonald's unit targets primarily visitors, and thus complements MCM's employee cafeteria operations, rather than competing with them.

The agreement will focus initially on

continued on page 118

"Hospital administrators don't want food to be a factor in losing patients —or doctors—to another hospital. We have to help them compete in a tough marketplace."

JOE CASSADY

MORRISON INC.
MOBILE, AL

YEAR OPENED	1920
CHAIRMAN AND CEO	E. Eugene Bishop
NUMBER OF UNITS	1,137 in 39 states and Canada
DIVISIONS	Family Dining Specialty Restaurants Custom Management
REVENUES	$829 million
NET INCOME	$32 million

STRONG PERFORMANCE

MORRISON INC. HAS MUCH TO celebrate in its 70th anniversary year—besides remarkable longevity and continuous cash dividend payoffs since 1936.

Two of its three divisions, Morrison's Custom Management (MCM) and Morrison's Specialty Restaurants began in 1990 with performance exceeding expectations, and are assuming center stage in the company's growth plans. The third division, Morrison's Family Dining—the company's cafeteria division and largest profit center—is showing signs of improvement after a recent slump in traffic and profits. "We're excited about the growth potential for our company," says E. Eugene Bishop, chairman and CEO, a 42-year Morrison Inc. veteran who has led the company through its most successful decade yet.

E. Eugene Bishop, Morrison Inc. president and chief executive.

In the second quarter of fiscal 1990, MCM posted a 10% increase in revenues and a 43% increase in operating profits. Halfway through the fiscal year, it operates a total of 857 accounts, having opened 67 new accounts and shed 68 marginal ones in a strategic move to improve its client base.

Bishop also cites the strong performance of Morrison's Specialty Restaurant division, particularly the casual dining concept, Ruby Tuesday. The division reported second quarter increases of 31% in revenues and 27% in operating profits. Eighteen new units opened in the first half of fiscal 1990, bringing the total to 98 Ruby Tuesdays, 23 L&N Seafood Grills, and seven Silver Spoons.

To compensate for the slack in Family Dining, the Specialty Restaurant division will quicken its 1990 expansion pace from an initially announced 32 new units to a projected 38, most of them Ruby Tuesdays. Future development of Ruby Tuesday will be divided between its customary niche in regional malls and a new venue: freestanding locations.

Ruby Tuesday features burgers, chicken dishes, fajitas, salads, and pasta dishes, and a fun atmosphere with a memorabilia-bedecked bar and dining room.

IMPROVING. It hasn't been as happy a year for the 162 Morrison's Cafeterias comprising the Family Dining division, which reported declining profits and customer traffic in both quarters of fiscal 1990. Lately, the situation appears to be improving, due to a diminishing rate of decline in customer traffic, the result of in-unit promotions and tighter controls. Family Dining also includes a dozen Sadie's Buffets. The Sadie's concept, still being refined, is described as promising but not ready for a wide-scale rollout.

Morrison Inc.'s favorable prospects for the '90s are testimony to the wisdom of an aggressive divesture and acquisition strategy of the '80s. Ten years ago, the company was mired in the management of 14 disparate businesses, including coffee roasting, insurance, and restaurant equipment, among others.

Under Bishop's direction, Morrison's divested all of its non-foodservice subsidiaries between 1982 and 1989, refocusing its energies and revitalizing its finances. He also presided over the acquisitions that have recast MCM as an impact player in the contract business: Custom Management (1987), Dobbs Food Service Management (1988), and Manask Food Service (1989).

health care. Both companies agree that it could extend to other types of contract accounts.

The alliance allows MCM to associate with the world's most advertised brand name in its new-client prospecting. "We've got an exclusive to offer," says John Pryor, MCM's vice president of sales and marketing. "It gives us much more leverage."

For its part, McDonald's should be able to develop the health-care market more quickly with the benefit of MCM's experience and prominence. The fast feeder currently operates units in 18 hospitals, having entered the field in 1978.

"It's a very happy association for us, in view of Morrison's reputation as a well run, efficient company expert in its field," says Wib Sutherland, McDonald's vice president of real estate. He emphasized that the arrangement was "purely a marketing alliance, not a joint venture. The operations are strictly separate."

The McDonald's arrangement is consistent with MCM's efforts to create a retail environment in all of its contract business. An example is Fast Takes, the new take-out program MCM is rolling out this year in its B&I and employee-feeding outlets. Fast Takes is designed to appeal to employees with limited time for meals—whether they are secretaries in corporate settings or doctors working in hospitals. The company is using name-brand items—including cold cuts, dairy products, ice creams, and beverages—to leverage the power of existing brand advertising while enhancing its own quality image. Modular programs such as "Grab a Fast Takes and You're Outta Here," "Brake For Breakfast," and "Bite Into a Stuffwich" merchandise these nationally known products at point of sale.

The Fast Takes concept includes: Biscuit Breakfasts, a line of oversized biscuits filled with eggs, breakfast meats, and cheese; Stuffwiches, large popover-like sandwiches with meat and cheese fillings; and Fast Bags, complete lunches of entree salads and deli sandwiches with beverages and side items, packed for immediate, "grab-and-go" sales. Each module incorporates well-known branded components.

In addition to building MCM's quality image, Fast Takes acknowledges the market's all-time high in demand for take-out food, says Pryor.

"For the past 18 months, we've seen speed of service become more important than ever before," he says. "It really impacts our business because the decision to patronize a cafeteria is often made far in advance, considering how long it takes to get in and out."

RETAIL EFFECTS. MCM has developed a number of its own proprietary "brands." The company's Bon Appetit Specialty Modules, for example, can be combined separately or in groups for customized, retail-like effects, to create a "food court" setting for employee feeding. Options include Daily Deli, Burgers Etc., Pepper's Pizza & Pasta, Cisco's Mexican Fiesta, and Hook, Line 'n Sinker seafood.

The logoed signage and menus are designed to help the units compete with the commercial sector, and provide optimum space utilization for the operator. All Bon Appetit modules are merchandised to the point of sale with colorful canopies, awnings, menu boards, and other support materials.

Certainly, Morrison's Custom Management has put an emphasis on merchandising support materials. "The contractor has to be more creative than ever before," says Pryor, who notes that a "sizable" investment was made in the food styling and production of Fast Takes four-color materials, which appear in health-care magazines and are sent by direct mail.

The company also offers extensive merchandising support for unit managers in the form of monthly Promotions in Motion bulletins and an annual calendar of hints. Last year's calendar, called "Puttin' on the Hits," featured a major '50s promotion as well as smaller ones themed to topics ranging from the baseball season opener to W.C. Fields' birthday.

DIETARY SERVICES. In its health-care accounts, MCM has also placed an increasing emphasis on nutrition programs. "Nutrition will be one of the most important aspects of health care in the '90s," says Fran Michels, vice president of nutrition services for Morrison's Custom Management and a registered dietitian. "In the past, it wasn't a bottom-line program. Now, with the cost and revenue squeeze in hospitals, it most certainly is."

"In years past, clinical dietary services were thought of as a necessary evil," adds vice president Fred Whitlock. "Now, they're being looked at as both a revenue source and a marketing tool."

Two other influences are reshaping the field, says Michels: new advances in dietary science and heightened awareness by physicians of the importance of nutrition to patient recovery and wellness. New uses for customized nutritional regimens are being found in areas such as trauma centers and intensive care wards. And new techniques of feeding the seriously ill patient are being discovered.

In addition to their customary duties of inpatient feeding, MCM-run dietary departments are called upon to perform outpatient and community services such as diet counseling for cardiac and diabetes patients and to run weight loss programs.

In the past several years, Morrison's Custom Management has also recognized the importance of nutrition to the mainstream customer with its trademarked PhD, or Pro-health Dining, program. Utilized in employee dining centers in health care as well as B&I and other contract accounts, the PhD program consists of hot and cold selections with less than 500 calories, and reduced amounts of sugar, fat, sodium, and cholesterol. Selections are attractively presented with colorful fruit and vegetable garnishes, and include such items as West Indies-style seafood salad, seafood and pasta plate, ham croissant sandwich with sliced fresh strawberries and orange wedges, and pitas stuffed with ham and vegetables.

FREEDOM OF CHOICE. MCM describes PhD as a "freedom of choice program." PhD is evidence of a practical, realistic mindset regarding nutrition. "If you eat PhD items, it doesn't mean you're on a diet," says Pryor. "Conversely, if you

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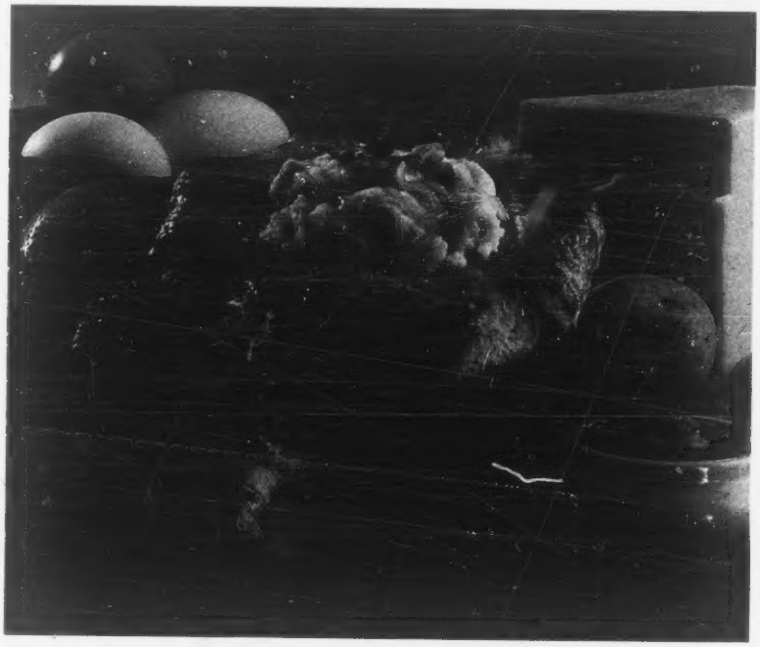
"Speed of service has become more important than ever before. It really impacts our business because the decision to patronize a cafeteria is often made far in advance."

JOHN PRYOR



The company emphasizes high-quality, scratch-made food items.

TOP FIVE HEALTH-CARE FOODSERVICE PROVIDERS

RANKED BY NUMBER OF HOSPITAL CLIENTS, 1988

CONTRACTOR	NUMBER OF CLIENTS
Morrison's Custom Management	434
Marriott Corp.	333
ARA Healthcare Nutrition Services	277
Seiler/FDI	136
ServiceMaster Co.	134

SOURCE: *Modern Healthcare Magazine*

don't eat PhD, it doesn't mean you're not eating right." PhD is designed to appeal to the large portion of the public who watch what they eat on an intermittent basis.

Morrison Inc. has always espoused a philosophy of scratch preparation within its restaurants, and it should come as no surprise that MCM, too, favors scratch cooking and baking for virtually all of its food. MCM also attempts to prepare food as close to serving time as possible, to avoid the loss of quality that occurs in prolonged holding. For similar reasons, it looks askance at approaches such as the "cook-chill" method of advance food production.

"When you cook, chill, and reheat a food item, you're serving leftovers," insists MCM vice president Whitlock. "We'd rather take an item out of the oven at 11 a.m., slice it, plate it on heated china, and serve it right away."

ON-PREMISE COOKING. "A lot of companies are moving away from scratch cooking and baking," adds MCM president Byrum. "But we think it's most cost-effective to prepare as much as possible on premise, rather than using ready-to-eat products." He also notes that the company maintains a 12-member team of traveling chefs who open new accounts, train kitchen crews, and conduct refresher courses for staffs of established accounts.

MCM's food philosophy is evident at the employee cafeteria of Mobile Infirmary Medical Center, which has a staff of 18 food production workers, including four bakers. A typical lunch selection on the hot line includes sliced flank steak, fried chicken livers, baked cod with a crunchy topping (a PhD item), baked potato and broccoli bundles plus two or three other hot vegetables, fresh-baked corn fritters, corn bread and dinner rolls, and hot apple dumplings in puff pastry. Cold selections include an array of cold salads, PhD sandwiches and salads, fresh fruit, pies, cakes, and other desserts. Colorful vegetable garnishes abound on the serving line, and greenery is used to spruce up stainless-steel serving lines. Every effort is made to create an attractive presentation.

Although the health-care sector will provide the bulk of MCM's future growth, the company is well positioned to take advantage of opportunities in a number of contract sectors. The business and industry segment of contract foodservice, for instance, should grow more quickly than the industry overall, with a 3% projected real compound annual growth between 1988 and 1992, according to *RB's* Restaurant Growth Index. But the field presents challenges nonetheless. "It's tough to keep people in the building for meals, and more clients are reluctant to pay subsidies," says I.V. Mashburn, vice president of MCM's Dining Services division. Comprising mainly B&I and college accounts, Dining Services accounted for 21% of MCM's 1989 revenue.

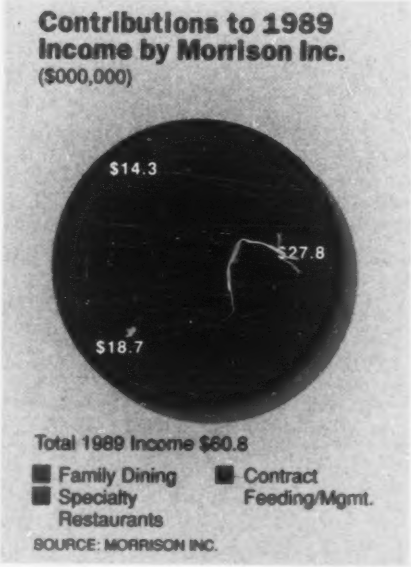
THE COMPANY WILL FOCUS ON UPGRADING EXISTING ACCOUNTS, MAINTAINING A 10% RATE OF GROWTH.

A major occupation for the Dining Services division is standardizing procedures in the accounts it absorbed in the Custom Management and Dobb's acquisitions. But acquisition has also given the division a promising new line of business, namely the upscale corporate and entertainment-industry accounts of Manask Food Service, added in 1989.

Based in Toluca Lake in Southern California, Manask operates as an arm of MCM, but a highly autonomous one, directed by cofounder Art Manask. It specializes in upscale accounts such as executive dining rooms and film studios. Among its leading accounts are Universal Studios, Lorimar Studios, CBS/MTM Studios, and the J. Paul Getty Museum. Catering to celebrities on sound stages is generally a luxurious affair distinguished by table linen, china, glassware, wines, and per-meal outlays of $15 or more, as well as demands for fare as unpretentious as nachos and hot dogs.

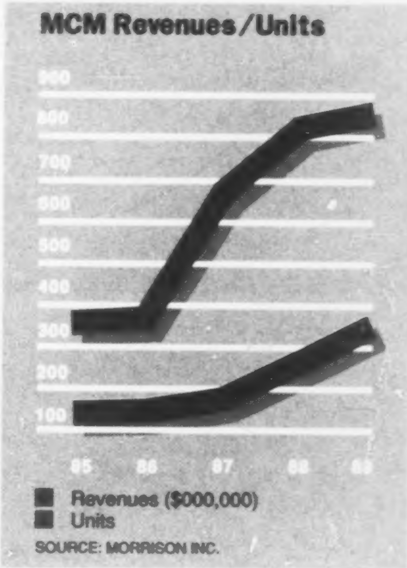
In the future, Dining Services will seek growth in upscale accounts as well as in its traditional B&I and college business, says Mashburn.

One of MCM's best new opportunities is its retirement services. The company currently services 74 accounts, but that is ex-



Contributions to 1989 Income by Morrison Inc.
($000,000)

SOURCE: MORRISON INC.



MCM Revenues/Units

SOURCE: MORRISON INC.

CHARTS BY STEVEN HULL

pected to swell considerably as MCM tracks the fast-growing segment of the population aged 75 and older.

Three years ago, the company separated its health-care and retirement accounts into different divisions. "There are different skills required in each area," says senior vice president Glen Davenport. "For example, since we have table service for residents, it is more helpful for our foodservice directors to have full-service restaurant experience rather than cafeteria backgrounds."

HEALTHY AND ACTIVE. Serving the bedridden elderly in nursing homes is only a portion of the retirement services market, Davenport points out. Today, many senior citizens remain healthy and active well into their later years. They live in attractive, apartment-style retirement complexes, often sharing an apartment with a spouse. Many take responsibility for all or most of their personal care.

Mealtimes are often the big events of their day. Senior citizens take an interest in dining trends such as ethnic foods and special menu promotions such as Mardi Gras. Retirement services menus are much the same as those used elsewhere in Morrison's Custom Management accounts, although portions are smaller, and the seasoning and temperature of food is carefully adjusted to account for changes in sensory perception among the elderly.

Another new line of business for MCM is the division known as Morrison's Custom Environmental Services, which provides support services including housekeeping, energy management, and security on a contract basis. The division is currently small, but it, too, has strong anticipated future growth. "The institutions are screaming for help," says division vice president Bob Madigan.

BUNDLING UP. Institutions are increasingly turning to contractors to "bundle up" such services, to gain economies of scale, furnish technical expertise, and cure cost and labor headaches, Madigan explains.

MCM is a distant third in the industry hierarchy with 70 environmental services accounts, mainly in the health-care sector, but also in the college and B&I areas. It trails 1,200-account Service Master Corp., and Marriott Corp., which has grown by acquisition to more than 900 accounts.

"Our sales force can offer a 400-bed medical center a whole menu of services, with or without foodservice," says Madigan of the division's marketing strategy. "Just as with our other professional contract services, we offer field supervision, computer tracking, and other skills."

With such a diverse portfolio of strengths, MCM seems destined to become a more significant presence in the contract sector. In fiscal 1990, the company's focus will be on upgrading existing accounts, aiming at revenue growth in the vicinity of 10%, at the same time reducing general and administrative expenses, accounts receivable, and inventory. Revenue growth could be higher if additional acquisitions occur, although none are planned at the moment.

"There's still a great deal of growth potential left in the contract business," says Bishop. "We're more delighted than ever to have Morrison's Custom Management as part of our company."

"We're looking at dietary services as a new marketing tool. In the past, we've treated dietary services as no more than a necessary evil."

FRED WHITLOCK

BREAKFAST

MARKET SEGMENT REPORT

Total morning traffic is off 2% for 12 months ending August 1989.

By Kevin Farrell

THE BLOOM IS OFF THE breakfast rose for many operators. Especially at the lower end of the price scale, consumers are delivering a loud message to restaurateurs: They'd rather stay at home for breakfast—or skip it altogether.

According to CREST, a service of NPD Research, total industry breakfast traffic is off 2% for the 12 months ended August 1989. The quick-service segment was hit the hardest, with a traffic decline of 4%, while the midscale segment was off 1%. However, the upscale segment posted a 2% increase in breakfast traffic during the same period. During the final quarter (ended August, 1989), traffic counts were more positive: Upscale breakfast traffic was up 10%, and midscale also rose 4%, but quick service declined 4%.

PROMOTION-DRIVEN. "These numbers indicate that consumers' breakfast behavior is changing—which is complex, but it also may indicate something simpler," says Robert O'Brien, an account executive for NPD Research. "It seems that breakfast business is closely associated with promotions. When there isn't a promotion going on—especially in the quick-service category—breakfast business falls off.

"Also, new product introductions drive this segment. So, in the absence of new products and promotions, you get these kinds of traffic drops." O'Brien points out that the last big rash of breakfast promotions was in late 1987 and early 1988, when McDonald's, Burger King, and Hardee's were all in the midst of huge promotions. Not coincidentally, according to CREST, those were the last strong breakfast quarters for foodservice.

But some observers—as well as operators—think the downturn in the breakfast market over the last 18 to 24 months indicates something more fundamental.

"We're not seeing exactly the numbers CREST is reporting, but we certainly do have 'pockets' where we are experiencing those kinds of drops," admits Jon Ostrov, vice president of marketing for 264-unit Country Kitchen International, a division of Minneapolis-based Carlson Companies.

According to Ostrov, the general drop in breakfast business is attributable to a number of factors. "For one thing, I think people are changing their dining habits," he says. "They are not eating breakfast as often as they used to." Health concerns are one explanation for the decline in consumption of a meal that is often associated with high levels of fat and cholesterol. "And, with more dual-income couples having children who have to be gotten off to school or day care every morning, stopping for breakfast has become out of the ques-

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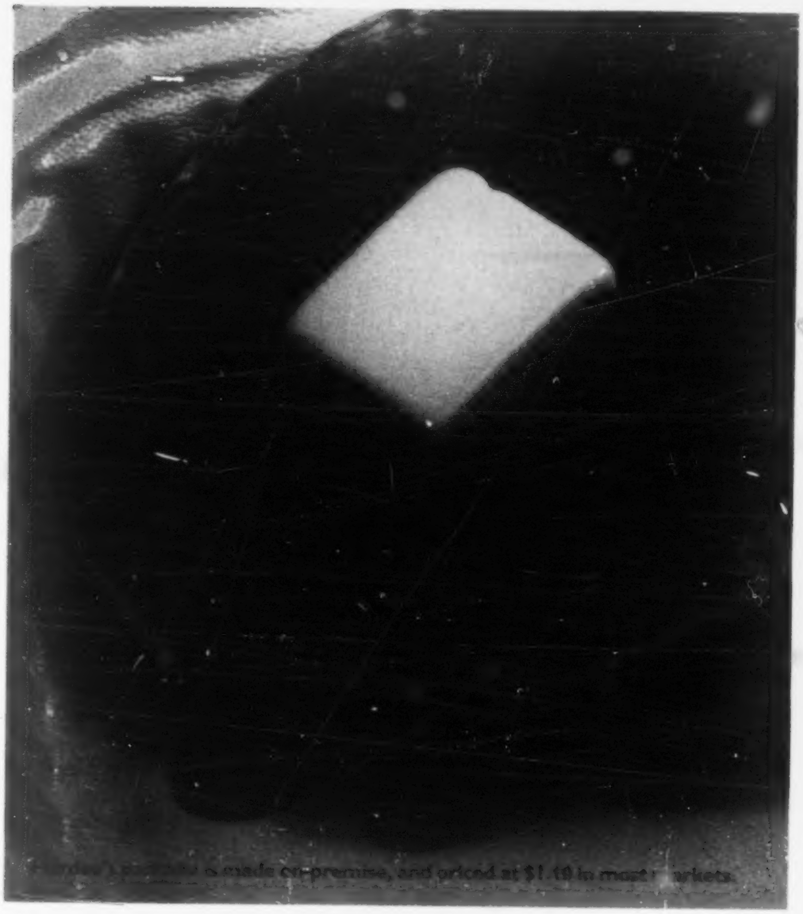

Hardee's [illegible] is made on-premise, and priced at $1.10 in most markets.

tion for a lot of families."

CREST data show that 86% of all breakfast parties are composed of adults, indicating that the daypart is not a family occasion like lunch or dinner. In addition, over 50% of all breakfast diners are aged 35 to 64. These numbers reveal the dependence of the industry on adult traffic at breakfast.

The quick-service segment was hit hardest, with a breakfast traffic decline of 4%.

EXTERNAL FACTORS. Many operators agree that there is increasing competition for the morning daypart from grocery stores and convenience stores.

"The foodservice industry is getting killed in the cereal sections of the grocery stores," acknowledges John Merritt, head of public relations for Rocky Mount, NC-based Hardee's. "The cereal manufacturers have new products that have attracted a lot of attention. And it's hard to compete with some of the cereals' new nutrition claims."

In fact, a number of chain restaurant operators think that breakfast away-from-home may be in trouble due to the very nature of the products served.

Country Kitchen's "Skillets International" are priced between $3.49 and $4.99.

"Look at what we're selling for breakfast," points out Patrick Morris, executive vice president of Perkins, a Memphis-based chain of about 360 family restaurants. Many traditional breakfast items are relatively high in fat and cholesterol.

In response, many chain restaurant operators have added—or are currently developing—menu items designed to attract patrons who are concerned about fat and cholesterol. Some of these new items have proven tremendously successful—like International House of Pancakes' Harvest Grain and Nut Pancakes and Bob Evans Farms' oatmeal.

"The demand for healthy menu items for this meal period isn't just a trend anymore, it has become a way of life," says Roseanne Bye, vice president of TG Marketing in Anaheim, CA. Bye was formerly head of product development for Denny's and she now consults with leading chains on their menus. Recently, she completed a reworking of Coco's menu.

Says Barry Krantz, head of Coco's, an Irvine, CA-based chain of 60 units that has become more innovative in the last year: "We're about to unveil a series of dramatic changes, but we can't talk about it right now." Insiders say that Coco's will go after a convenience-oriented, health-conscious consumer.

QUICK AND HEALTHY. And that points out the fine line that players must walk in the breakfast segment. While consumers are apparently clamoring for healthier breakfast alternatives, they also want their meals—especially breakfast—to be quick and, just as often, portable. "It is extremely difficult to provide a breakfast product that fulfills all those requirements,"

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notes the head of marketing for one major fast-food chain. "We have tried for a long time to develop something that is nutritious—or at least perceived to be—can get out the door quickly, and can be eaten while the consumer is driving with one hand. And we haven't been successful," he admits.

Combining these factors—nutrition, speed of service, and portability—is admittedly a monumental task. San Diego-based Foodmaker's Jack In The Box division has developed what may come the closest to the ideal—its scrambled pita pocket. Scrambled eggs, ham, and other ingredients are stuffed in pita pocket bread. Intended as an extension of the chain's phenomenally successful steak and chicken fajita pita pocket sandwiches, the egg product has proven successful since its introduction in mid-1989. And it can be ordered without the ham, although that increases the wait time.

Jack In The Box is well known for its innovative menu items targeted at a more upscale, heavy user of fast-food products. The 1,000-plus-unit chain is considering other alternatives to meet the triple requirements of speedy service, nutrition, and portability.

But all is not gloom in the breakfast market. Far from it, in fact. Many of the chains contacted report that their overall traffic is flat or only slightly down. They say that sales have continued to grow, partly through increased prices but also as a result of increased check averages. And upscale restaurants and hotels are doing an excellent breakfast business.

CREST data indicate that, from 1984 to 1988, total industry breakfast traffic increased 5%, largely riding a wave created by the quick-service segment, with a whopping 22.3% gain over that time period.

More good news for the food-away-from-home segment is that those breakfast cereal nutrition claims may be just that—claims. Recent studies have debunked consumer thinking about the cholesterol-battling benefits of oat bran, so the cereal boxes that suddenly sprouted "oat bran" on their packaging 12 to 18 months ago may begin to disappear just as quickly. That's not to say that consumers will be returning to fat- and cholesterol-laden breakfast foods, but it may neutralize—

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In the same period the upscale segment posted breakfast traffic gains of 2%.

Bob Evans recently introduced its "Border Scramble," a $3.95 skillet or at least lessen—a competitive advantage that food-at-home appeared to enjoy over food-away-from-home for the morning daypart.

In addition, the concern over healthy menu items and eating a nutritious breakfast is far from a universal phenomenon. "We have many, many customers who are not concerned about health issues," says Ostrov of Country Kitchen, an all-franchised chain that is a strong contender in the breakfast market in many rural and other nonurban markets.

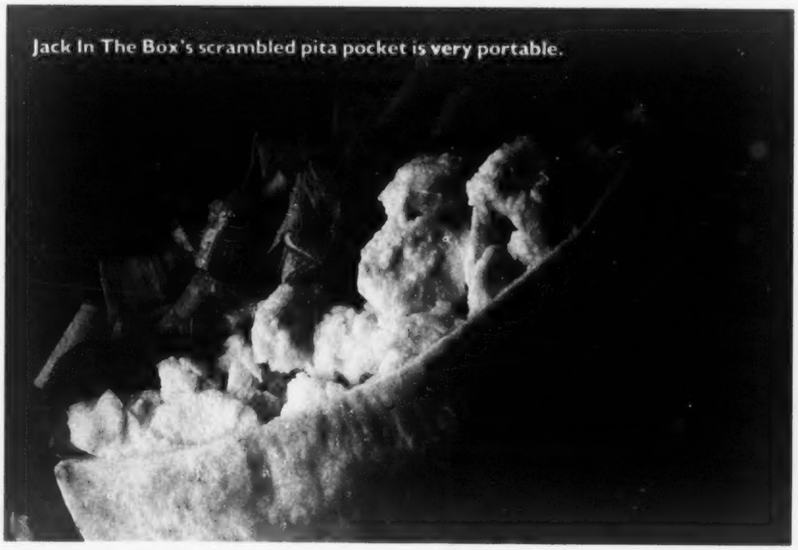
In Helena, MT, for example, we have people who come in a number of mornings every week. It is unlikely that they even know their blood cholesterol levels," Ostrov adds. "I'm not saying this to criticize our customers, but to point out that these issues are more important to some consumers than to others."

Ostrov's observations about regional differences in consumer tastes are echoed by many other chain operators. "We do see some differences in traffic patterns, and the change tends to depend on the region," says Bob Wood, executive vice president and chief operating officer of the restaurant division of Bob Evans Farms Inc., a Columbus-based chain with 270 units.

"Overall, our business is flat, although some regions are hurting and others are up," says Wood. "Different markets have different breakfast personalities. Some items sell well in some parts of the country—especially at breakfast—while they don't sell well at all in other areas."

In fact, according to Wood and other chain executives, tastes at breakfast differ more regionally than for any other meal period. While the whole country has been exposed to biscuits by some fast-food breakfast programs, they still sell well only in the South and Southeast. Grits are popular in Southern markets but unheard of in most others.

In states with a strong Mexican heritage, spicy egg dishes sell well. "But we can't sell our Mexican omelet outside Denver," laments Morris of Perkins.


Jack In The Box's scrambled pita pocket is very portable.

Promotions and new product introductions seem to be driving breakfast sales.

And, while some areas of the country are not as breakfast-oriented as others, some chains see a tremendous disparity in breakfast business on a regional basis. For Bakers Square, a 157-unit division of Denver-based VICORP, "Breakfast sales vary from location to location," says marketing executive vice president Tom Wirt. "We purchased a number of old Sambo's locations that did a strong breakfast business, and in those we see 20% to 25% breakfast traffic. But in the Midwest, where we aren't really a breakfast player, we see only 5% to 7% of our business coming from breakfast."

So regional differences are numerous, especially when the speed of service/nutrition/portability equation is added to the mix. "It's easy to see why some areas are experiencing strong breakfast business while others aren't when these factors are taken into account," adds Wood. There are also strong regional economic differences.

And there are differences in breakfast consumption from day to day as well. Morris of Perkins reports that breakfast traffic for weekdays is "off a little," but that "weekend sales are going gangbusters. People want to eat something special on weekends."

Ostrov agrees: "We see the 'treat' phenomenon. People will eat healthy at breakfast all week and then have a huge weekend brunch with all the foods they don't allow themselves all week. That translates into strong weekend sales

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for us." For Country Kitchen, 50% of all breakfast sales are from those two days—Saturday and Sunday.

While midscale restaurants may be seeing good traffic levels on Saturdays and Sundays, they are generally experiencing trouble in their "home" meal daypart—weekday breakfast. According to CREST, what upswing there has been in the breakfast market from 1982 to 1989 has been in the quick-service segment, and it has clearly been at the expense of midscale eateries.

In 1982, fast-food restaurants had a 46% share of the breakfast market in terms of traffic, while midscale had 48%. By 1988, fast food had captured 57% of the traffic, and midscale decreased to 38%. The upscale segment, over the same time frame, remained relatively flat, going from 6% in 1982 to 5% in 1988.

RADICAL CHANGES. Clearly, the fast-food concept of breakfast has radically changed the morning meal period. Over the last decade, breakfast became more homogenized as the major chains installed their version of a quick, portable, and inexpensive product through-

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Most dual-income couples with children find that they often don't have time for breakfast.

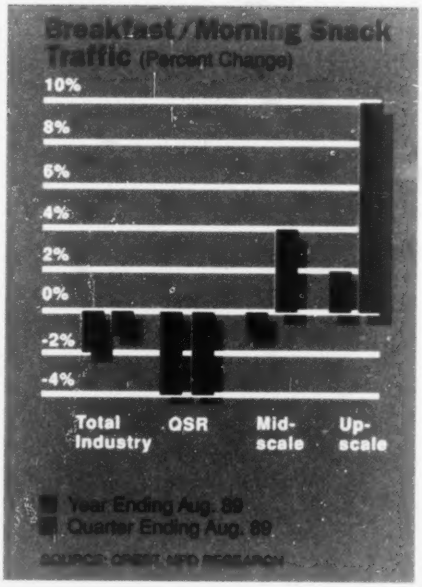
out the United States—and the world. McDonald's revolutionized the breakfast business with its Egg McMuffin breakfast sandwich. Burger King also offers its Croissan'wich breakfast program.

Wendy's breakfast introduction (centered on made-to-order omelets) in 1985 was disastrous, in part because it failed the speed and portability tests. Wendy's is reportedly now working on new breakfast plans, but its concentration has really been on its core businesses of lunch and dinner for the last two years.

Hardee's, with 3,200 units, has built a big breakfast business. Sales are reportedly in the 30%-plus range—much higher than most fast-food operations.

"We have become known for breakfast," says Merritt of Hardee's, "and that is a position we are comfortable with. We want people in our market to think of us when they do decide to have breakfast."

Merritt admits that Hardee's has been hurt by competition from the cereal aisles of the grocery stores, as well as products from convenience stores, and consumer decisions to skip breakfast. But Hardee's has held onto its traffic.



SOURCE: CREST/NPD RESEARCH

Some competition has come in grocery stores in the form of new breakfast cereals that tout health and nutrition claims.

"In the face of morning traffic erosion, we're flat, not down," Merritt says.

"The reason? It has been an important part of our business that Hardee's is strongly identified with breakfast. So we're not hurt as much by the cereal and donut business as some others might be. Our feeling is that every day should begin with breakfast—breakfast at Hardee's—but, unfortunately, not everyone agrees. It is difficult to convince the non-breakfast eater to start eating the meal. It's a tough sell."

Adds Morris of Perkins: "There's only so much product extension you can do with breakfast, because there seem to be certain foods people want to eat in the morning. So far, you can't get people to eat a salad for breakfast."

The breakfast battle is being fought on the menu boards of chains and inde-

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pendents alike. New products, combination platters, scratch cooking, and price alterations are all tools of the trade when it comes to attracting the consumer, especially at breakfast. Because the check average for the meal period is smaller at breakfast—$2.42, according to CREST—successful breakfast business must be built on more volume or on increasing that check average.

New products in the breakfast daypart are primarily being targeted at consumer health concerns, with speed of service and portability also being addressed. Hof' Hut, a 12-unit, Long Beach, CA-based chain, has just added an egg-substitute product to its menu. President Craig Hofman says the product has "a very good taste, and none of the health concerns over cholesterol."

Indeed, health-oriented breakfast products are of paramount importance to players in the breakfast market. When Bob Evans Farms was about to delete oatmeal from breakfast, customer outcry kept it on the menu.

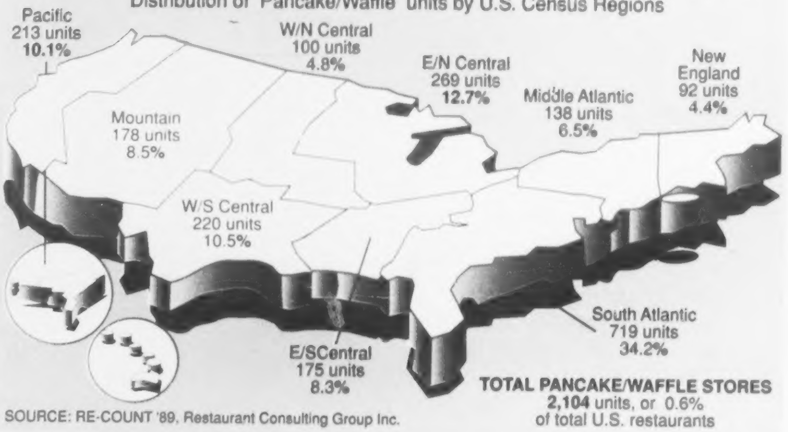
Village Inn, Hardee's, and IHOP have all introduced new pancake products in the last year. Hardee's pancake is a traditional, white-flour product made on-premise, and priced at $1.10 in most markets, or $1.49 with meat. According to Merritt, it is "doing very well, and it isn't cannibalizing other items."

Village Inn's new pancake product is made from scratch on premise, according to president Jim Carter of the 233-unit chain. Another product, whole wheat granola nut pancakes, is also made from scratch; with breakfast meat, it is priced at $4.25 to $4.59 depending upon the market. "Also in response to consumer health concerns, we have improved our fruit compotes and syrups, and we've added fresh strawberries when it is called for on the menu," adds Carter.

IHOP has taken the breakfast business by storm with its Harvest Grain and Nut pancakes. A combination of various flours and nuts, the pancake is also made from scratch on premise. "This has been a phenomenally successful product, well beyond our expectations," says marketing vice president Steve Petisse. North Hollywood, CA-based IHOP, which depends upon breakfast for over 50% of its total sales, has seen average weekly volumes increase, based largely on the sales of this new product. "We're trying to attract a different kind of customer with this product," adds Petisse.

SOUTH ATLANTIC FLIPS OVER FLAPJACKS

Distribution of Pancake/Waffle units by U.S. Census Regions



TOTAL PANCAKE/WAFFLE STORES
2,104 units, or 0.6%
of total U.S. restaurants

SOURCE: RE-COUNT '89, Restaurant Consulting Group Inc.

The chart above details the distribution of pancake/waffle units only. It doesn't fully reflect the many types of restaurants that serve breakfast.

Traffic counts as well as the types of popular breakfast items vary greatly from region to region.

Skillet breakfasts have proven to be significant sales opportunities for these chains. "And, more importantly, these products can work at lunch and dinner as well," says Wood of Bob Evans, which recently introduced its "Border Scramble," a $3.95 skillet meal with a Mexican flair. Other chains jumping on the skillet bandwagon include Country Kitchen, Perkins, and Village Inn.

Country Kitchen's "Skillets International" line includes a Fiesta skillet, a french toast skillet, and a beef and onion skillet. They are priced between $3.49 and $4.99, depending upon item and market. Currently, the skillet dishes are being promoted with the addition of a 6-oz. glass of orange juice. "We're trying to stimulate trial and add value with the orange juice," says Ostrov.

As O'Brien of CREST points out, breakfast traffic increases are inevitably tied to promotional activities like Country Kitchen's. "The only real traffic increases for breakfast are promotion-driven," says O'Brien. As a result,

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these chains face the difficult decision about whether to focus on marketing breakfast or the other dayparts.

"Our most recent promotion drove breakfast traffic up 4%," says Mary Neal, director of marketing for Lewisville, TX-based Grandy's, a 202-unit division of the American Restaurant Group. "But it increased breakfast sales by 10% to 15%," she adds.

Ostrov of Country Kitchen reports that the chain promotes a weekend buffet for $4, which helps to take pressure off the kitchen and enables the restaurant to serve more people faster. "We have to continually reinforce consumer perception of us as 'the breakfast place,'" he adds. **Out of four to five major promotions a year, one or two are usually aimed at** breakfast, Ostrov reports.

One-third of Bob Evans' television advertising dollars in 1989 was spent on breakfast. Wood expects this percentage to remain constant in 1990.

HERITAGE. Village Inn, the VICORP subsidiary based in Denver with about 270 units, is on its way up following a turnaround in the last year. It recently completed a breakfast promotion featuring its new pancakes. "Breakfast is our heritage, and we have to keep focused on that meal period," says Carter. "I think some other companies are taking a big risk in moving away from breakfast and concentrating too much on lunch and dinner."

Denny's, the 1,200-unit behemoth of the breakfast business, is not currently running any breakfast advertising on

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Recent CREST data show that 86% of all breakfast parties are composed of adults. About 50% are aged 35 to 64.

television. "We're focused on lunch and dinner right now," says Sue Henderson, vice president of marketing for the Irvine, CA-based chain, a division of TW Services.

Henderson reports that Denny's Grand Slam breakfast, a staple for the chain for over a decade, is still going strong. "It is the second-largest seller in our restaurants, after coffee," she says. The Grand Slam is a platter of two eggs, two pancakes, two strips of bacon, and two sausage links. It sells for $3 to $4, depending upon location.

Many chains are reworking menus or testing healthier breakfast items.

Denny's has recently extended the Grand Slam line with the addition of a French Slam (four pieces of french toast in place of the pancakes, priced at $3.69), a Belgian Waffle Slam (with waffles in place of the pancakes, priced at $3.69), and a Southern Slam (two biscuits with sausage gravy replacing pancakes, also priced at $3.69).

Denny's success with this "bundling" strategy has not gone unnoticed by other chains. Grandy's "Grand Breakfast" is similar, as is Coco's "First Deal of the Day." Other chains are exploring the bundling idea. It is a highly promotable concept and allows chains faced with Denny's market presence and strengths to go head-to-head.

Denny's Grand Slam breakfast

Another idea of Denny's that appears to be catching on is a service guarantee. Speed of service has really become the midscale segment's Achille's heel at breakfast, and there are few ways to deal with it. Admits IHOP's Petisse: "You really can't fight fast food directly on this issue. You have to offer something different in hopes of attracting the consumer. We give them a great meal without the packaging, but it takes longer. It's a trade-off for the consumer."

Partly in response, IHOP, with over 480 units, has inaugurated a "Fast Break Breakfast," which offers certain items with a guaranteed service time of 10 minutes or less. It closely resembles Denny's 10-minute guarantee, which was recently expanded from lunch to breakfast. In both cases, the offer applies only to certain meals. "We see this as a significant competitive advantage," says Henderson of Denny's.

Others have abandoned the fight against fast-food chains—at least directly. "This is not fast food," says Ostrov about Country Kitchen's food.

Fast food is not the only competition. According to *Supermarket Business* magazine, the percentage of frozen breakfast entrees sold in grocery stores has skyrocketed, growing by 17% be-

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tween 1987 and 1988, while the overall frozen-food market gained only 4%.

And convenience stores continue to pose a severe threat to breakfast business, in both the fast-food and midscale market segments. Recent advances in technology allow convenience stores to sell preformulated egg, bacon, and sausage products cooked in hot dog machines. "The machines sit there all day, and they might as well be used for breakfast," says Tom Campbell, an industry consultant. This competition will continue to lure customers away from restaurants.

While fast-food and midscale breakfast markets may be floundering, the upscale segment isn't. As is so often the case, "The consumers at this end of the

continued on page 150

Some midscale chains offer speed-of-service guarantees.

A flour tortilla wrapped around eggs, chorizo, beans, and salsa developed in the *RB* Test Kitchen.

mers aren't too concerned with spending a little extra for breakfast in order to get a great meal," says Tom Kaplan. Kaplan is the founder of Caffe Latte in Los Angeles, which is an offspring of Hugo's, a West Hollywood restaurant long known for its elaborate breakfast menu. Hugo's, owned by Kaplan's father, is where Tom cut his breakfast teeth. "We never had a breakfast business until we made the menu interesting," recalls Kaplan.

Hugo's tremendous success with breakfast spawned Caffe Latte, which opened in 1988. An ideal spot to sit and watch Westside Angelinos grab a cappuccino, Caffe Latte boasts almost 15% of its sales from coffee alone, an almost unheard-of percentage. "Our business is built on quality coffee," says Kaplan, who not only grinds his own beans but roasts them as well, in a process that announces its presence in the restaurant by aroma and sound.

Food quality, speed of service, and portability will continue to be important success factors.

The average check for breakfast at Caffe Latte is $8. Menu items include orange-and-ginger pancakes, cinnamon french toast, and blueberry-lemon pancakes. There is also a wide variety of egg dishes, plus egg-free, and vegetarian dishes. "Breakfast is a tremendous opportunity," says Kaplan.

Chip Fisher, the founder of Fisher & Levy, a midtown New York City-based upscale office caterer, agrees. "We're just about to add breakfast to our repertoire, after having our customers beg us for years to do so," he says. "We think serving a quality breakfast to our clients will add significantly to our business," he adds. Fisher & Levy's 1990 sales are expected to top $1.3 million, and average breakfast checks will approach $10.

Many other upscale locations do an excellent breakfast business, especially hotels, which take full advantage of having a captive audience.

The future picture for breakfast is cloudy. Health concerns will likely become more important to more highly educated consumers, but people will also continue to be concerned with food quality, speed of service, and portability. The aging of the baby boom generation could ultimately portend well for the breakfast segment, but it has numerous hurdles to leap between now and then. Competition between segments of the industry, as well as the overall fight between the food-away-from-home market and the food-at-home segment will remain strong.

continued on page 152

DELUXE RED FLANNEL HASH

1, 10-oz. can corned beef hash
5 oz. of canned sliced or julienned beets, drained
2 ½ cups onion, chopped
2 tbsp. margarine
1 tsp. pepper
3 cups sour cream
3 tbsp. prepared horseradish
3 tbsp. parsley, chopped
16 eggs, poached

1. Empty hash into bowl and break up.
2. Chop beets; add to hash. Mix together.
3. Cook onions in margarine over low heat for 10 minutes until soft.
4. Stir onions and pepper into the hash mixture.
5. Combine sour cream, horseradish and parsley in bowl; set aside.
6. Spread hash mixture evenly into 18" x 36" baking pan. Bake in 550° F. oven for 15 minutes or until browned. Cut into 16 squares.
7. To serve: Arrange each hash portion on serving plate. Top with one hot poached egg. Accompany with 1 oz. sour cream sauce.
(Yield: 16 servings)

BASIC FRENCH (PLAIN) OMELET

Multiply the recipe for as many servings as you need and use ½ cup of the egg mixture for each 2-egg omelet (¾ cup for each 3-egg omelet). For a sweet dessert omelet, substitute a pinch of sugar for the salt and pepper.

2 to 3 eggs
2 to 3 tbsp. water
⅛ to ¼ tsp. salt
Dash pepper
1 tbsp. butter

1. Mix eggs, water, salt, and pepper until blended. Heat butter in 7- to 10-in. omelet pan or skillet over medium-high heat until just hot enough to sizzle a drop of water.
2. Pour in egg mixture. (Mixture should immediately set at edges.)
3. With an inverted pancake turner, carefully push cooked portions at edges toward center so uncooked portions can reach hot pan surface, tilting pan and moving cooked portions as necessary. While top is still moist and creamy-looking*, fill if desired.
4. With pancake turner, fold omelet in half or roll, and invert onto plate with a quick flip of the wrist or slide from pan onto plate.
** It is better to fill omelet when it is slightly underdone. Heat retained in eggs completes the cooking.*
(Yield: 1 serving)

SANTA FE POPOVERS BENEDICT

48 large eggs
48 prepared popovers, entree size
4 small avocados, diced
2 small tomatoes, diced
48 oz. Southwest Hollandaise sauce*
24 black olives, halved
Red cabbage slices, as needed

1. Poach eggs in acidified water; hold.
2. Slice ½-inch off the bottom of each popover and discard. Place 2 inverted popovers onto 24 heated entree platters.
3. Place a poached egg in the center of each popover.
4. Divide and arrange the avocado and tomato on each egg.
5. Top each poached egg with a heaping spoonful of Southwest Hollandaise sauce and black olive half.
6. Garnish each plate with cabbage, if desired.
** To one-half gallon of Hollandaise sauce, add ½ cup prepared Cajun spice blend, 1 cup finely diced sweet red pepper, ½ cup chopped green onion, ½ cup dry vermouth, if desired, and 2 tsp. chopped cilantro.*
(Yield: 24 portions)

HEARTLAND GARDEN TORTE

1 lb. 2 oz. artichoke hearts, julienne
1 lb. 2 oz. fresh mushrooms, sliced
6 large leeks, thinly sliced (white only)
1 lb. 2 oz. sweet red pepper, julienne
1 lb. 2 oz. zucchini, julienne
Butter, as needed
12 oz. shredded cheddar cheese
12 oz. shredded Swiss cheese
12 oz. shredded peppered Jack cheese
36 (6" diameter) prepared plain crepes
36 large eggs, beaten
Chopped chives, as needed

1. In three separate pans, sauté artichokes, mushrooms and leeks, and peppers and zucchini in butter. Season, drain and set aside.
2. Combine all cheeses.
3. Lightly oil six, 7-in. cast iron skillets or straight-sided round baking pans.
4. In each skillet or pan, layer the ingredients in the following order:
 1 crepe
 ⅙ artichokes
 ¼ beaten eggs
 1 crepe
 ⅓ cup cheese blend
 1 crepe
 ⅙ mushroom-leek mixture
 ¼ cup eggs
 1 crepe
 ⅓ cup cheese blend

continued on page 154

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1 crepe
⅙ pepper-zucchini mixture
¼ cup eggs
1 crepe
½ cup cheese blend

5. Bake in 350° F. conventional oven for 30 to 35 minutes or in 300° F. convection oven for 15 to 20 minutes, until eggs are baked.

6. Cool 5 minutes. Cut into quarters.

7. Top each slice with chives.

(Yield: 24 portions)

BASIC PUFFY (SOUFFLE) OMELET

4 eggs, separated
¼ cup water
¼ tsp. cream of tartar or lemon juice
¼ tsp. salt
1 tbsp. butter

1. In large mixing bowl, beat egg whites with water and cream of tartar at high speed until stiff but not dry, just until whites no longer slip when bowl is tilted. In small mixing bowl, beat egg yolks with salt at high speed until thick and lemon-colored. Gently, fold yolks into whites.

2. Heat butter in 10-in. omelet pan or skillet with ovenproof handle over medium-high heat until just hot enough to sizzle a drop of water. Pour in egg mixture and gently smooth surface. Reduce heat to medium. Cook until puffed and lightly browned on bottom, about 5 minutes. (Lift omelet at edge to judge color.) Bake in preheated 350° F. oven 10 to 12 minutes, or until knife inserted halfway between center and outside edge of the omelet comes out clean. Loosen the omelet edges with spatula.

3. To serve folded, with a sharp knife cut upper surface down center of omelet but *do not* cut through to bottom of omelet. Fill, if desired. Tip skillet. With pancake turner, fold omelet in half and invert onto warmed plate or platter with a quick flip of the wrist. To serve open-faced, invert pan over warmed plate or platter, or slide omelet from pan onto plate. Spoon or sprinkle filling over top, if desired.

4. Cut in half or into wedges. Serve immediately.

(Yield: 2 servings)

RB

RANT BUSIN

MARCH 20, 1990

A BILL PUBLICATION

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Rally's
Rally's

25TH ANNUAL FRANCHISE REPORT

INDEPENDENT ST★RS: MONTOYA'S BARGAINS • THIRD ST. PIER

MENU IDEAS: PIZZA CLASSICS

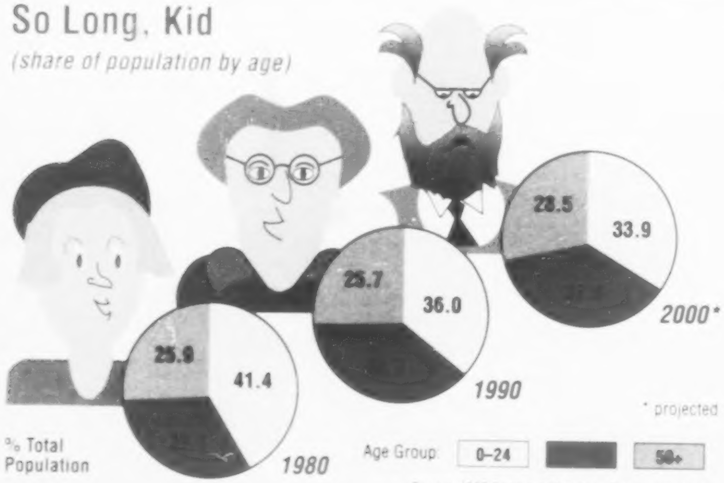
LATELINE: SILVER PLATE WINNERS

Richard Sherman,
Rally's president and CEO

BUSINESS BAROMETER

So Long, Kid

(share of population by age)

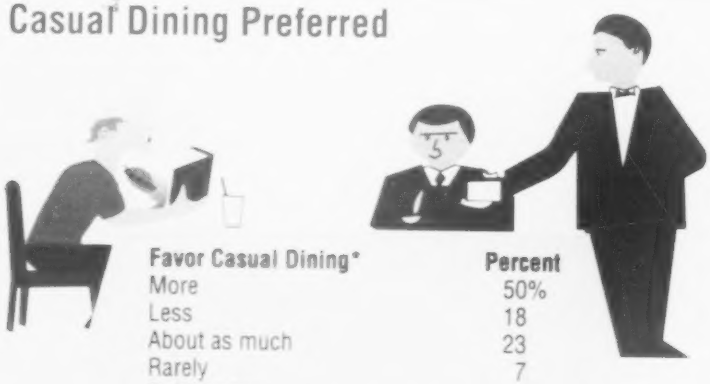


* projected

Source: 1980 Census and Census Bureau projections

Savvy marketers will recognize that their target market is changing shape. The "baby-boom" generation is barely replacing itself. Statistics show that by the year 2000, each of the three age groups shown will be roughly equivalent in size—and each will expect its individual needs to be met.

Casual Dining Preferred



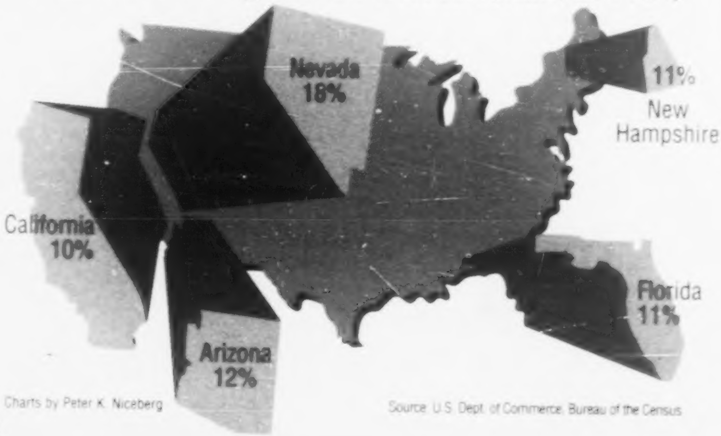
Favor Casual Dining*	Percent
More	50%
Less	18
About as much	23
Rarely	7
Don't know	2

* rather than fine dining

Source: National Restaurant Association/Gallup Survey

Restaurant diners are turning away from formal service, luxurious decor, and high prices, and more toward simple, reasonably priced dishes served in a relaxed setting. An NRA/Gallup survey of 1,000 adults found that they favor such concepts as bistros, brasseries, cafes, trattorias, and grills.

Fastest Growing States *(Population growth, 1985-1989)*



Charts by Peter K. Niceberg

Source: U.S. Dept. of Commerce, Bureau of the Census

The West continued as the fastest-growing region from 1985 to 1989, increasing at more than twice the national rate (4.0%) despite far slower growth in Montana, Idaho, Wyoming, Colorado, New Mexico, Utah, and Alaska. California has accounted for 25% of the nation's population growth since 1985.

RESTAURANT BUSINESS

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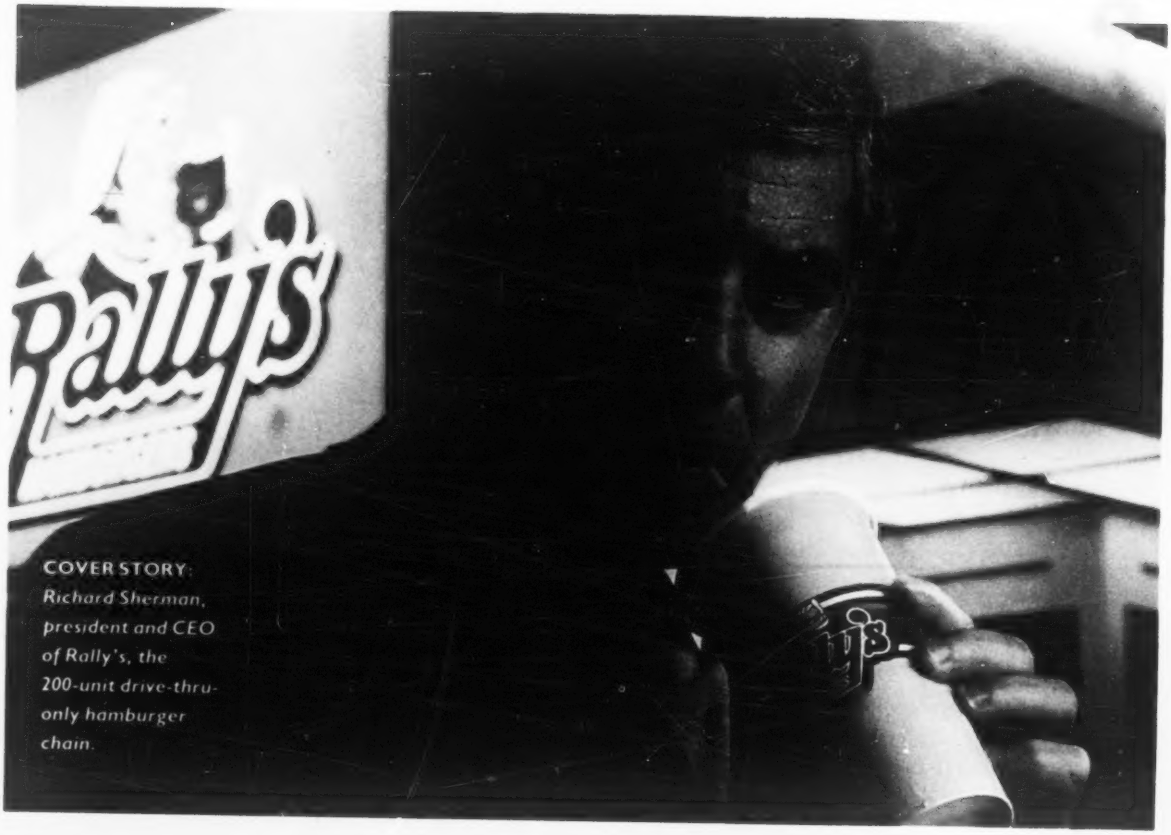

COVER STORY:
Richard Sherman, president and CEO of Rally's, the 200-unit drive-thru-only hamburger chain.

COVER STORY

INDUSTRY REPORT **FRANCHISING.** This is the 25th Annual Franchising Report. As in past years, this comprehensive, state-of-the-industry report includes information on the top 11 major market segments (hamburger, seafood, chicken, pancake, pizza, Mexican, steak, sandwich, ice cream, donut, and c-store). Rally's, the fastest-growing second-tier chain, is profiled on page 108. The current franchising environment is explored in Franchise Friction Points, beginning on page 120. 65

Cover photograph by Michael Terranova

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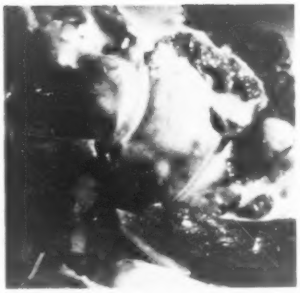

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UPCOMING INDUSTRY EVENT

The second annual **CENTER-OF-PLATE** Foodservice Conference will be held in Chicago April 2 to 4. For more information, contact Nancy Nugent, AMI, PO Box 3556, Washington, DC 20007; 703-841-2400.

IN THE NEXT ISSUE

COVER STORY **HUMAN RESOURCES**
A report on a roundtable discussion conducted by CHART, the Council of Hotel and Restaurant Trainers, cosponsored by *Restaurant Business*, which attacked critical issues of cultural diversity, literacy, and retention in the work force.

MARKET SEGMENT REPORT **MEXICAN**
Overall, though it's a very competitive segment, there's lots of opportunity for growth. The mid-price niche is filled by strongly entrenched independents and small regional chains. Taco Bell still dominates the Mexican fast-food arena, but competitors are staging a discounting war.

MENU IDEAS **BREAKFAST**
From exotic signature pancakes and hand-held biscuit sandwiches to omelets and egg-based skillet entrees, new product introductions and promotions are helping boost this segment.

SPIRITS **SUPERPREMIUM BEERS**
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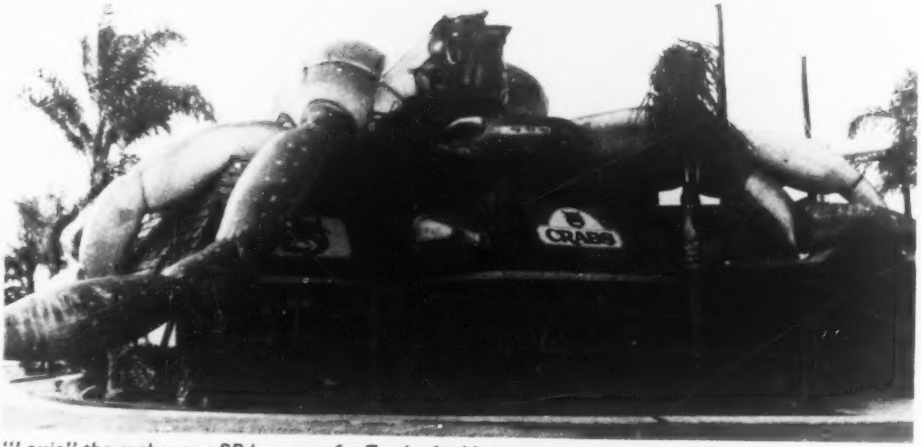


"Louie" the crab was a PR bonanza for Trader Jack's.

How a Giant Crab Became Big Business

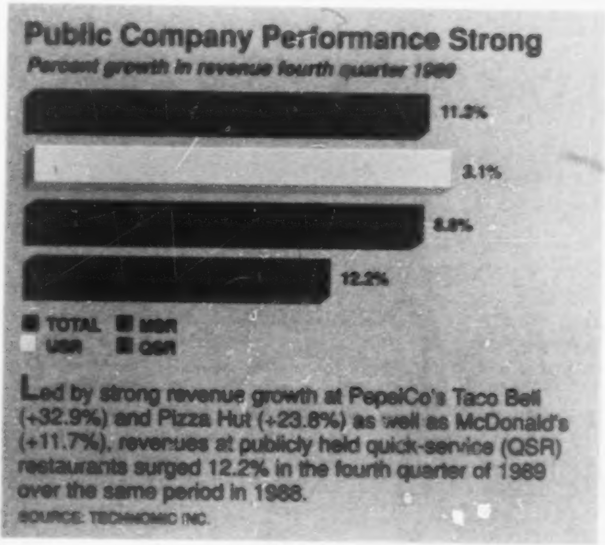
What began as a zany promotion featuring a humongous inflatable crab has evolved into a thriving business for the owners of Trader Jack's, The Crab House & Pub in West Palm Beach, FL.

Incredible Inflatables Inc. is not a business that Jeff Kukes and partners Liz Whelan and Jack Palumbo planned on founding. But when the giant crustacean resting atop their Trader Jack's roof drew attention from local newspapers and radio stations and drove profits up 250%, the three saw serious dollars.

"We were starting with seafood restaurants because that is our specific area of knowledge," says Kukes. "But eventually, we may expand into other types of restaurants as our experience with inflatables grows."

The crab, dubbed "Louie" by the press, became the center of a "Save the Crab" movement when city officials attempted to fine the owners and ban the crab.

"Parents brought their children for photos on our front lawn," recalls Kukes. "Traffic stopped in front of the restaurant constantly. We've even sold hundreds of T-shirts and postcards. It made Trader Jack's a landmark almost over night." The restaurateurs' new company will build 10 50-ft. inflatables this year. They will be offered on an exclusive basis in each market. **–Howard Riell**



Led by strong revenue growth at PepsiCo's Taco Bell (+32.9%) and Pizza Hut (+23.8%) as well as McDonald's (+11.7%), revenues at publicly held quick-service (QSR) restaurants surged 12.2% in the fourth quarter of 1989 over the same period in 1988.

SOURCE: TECHNOMIC INC.

Carl's Rolls ATM Cards

Anaheim, CA-based Carl's Jr. has become the first major fast-food chain to accept automatic teller machine (ATM) cards systemwide.

The move will allow people with ATM cards from four California-based banks to withdraw up to $40 at all 498 Carl's Jr. locations throughout California, Nevada, and Arizona. The program will be managed through Wells Fargo's Interlink system. The system was tested at 125 Carl's locations. **–Kevin Farrell**

TX Operators Help Kids

Operators in Corpus Christi, TX, are befriending and employing troubled Hispanic youngsters who have either dropped out of high school or are thinking about it.

It's all part of a mentorship program jointly sponsored by the Coastal Bend Restaurant Association and the LULAC (League of United Latin American Citizens) Education Services Center. LULAC matches the youngsters with local restaurateurs who give them jobs in the hope that they will come to value the importance of an education.

"We're trying to get them to focus on their long-term goals," says Roy de los Santos, director of the LULAC center.

"Many of these kids have parents who can't give them all the material things other kids have," de los Santos adds, "so the kids try to get them themselves, even if it means quitting school."

The youths continue their studies while holding down their jobs. LULAC asks the participating employers to provide incentives.

When they're hired, each kid is told he will be laid off if he doesn't receive his high school equivalency diploma within a specified period.

For those participants still in school, employers are asked to reward their educational accomplishments.

For an "A" grade, for example, they might give a student a day off or a cash prize. Various other incentives are designed to cement the desire to stay in school and succeed. **–Don Nichols**

C-O-P Panelists Eye Challenges

How should the foodservice industry respond to the growing concern over food safety and nutrition, increased government regulations, and consumer and competitive trends? Solutions to these problems will be the main topics of discussion at the upcoming C-O-P Foodservice Conference, April 2 to 4, 1990, at the Chicago O'Hare Airport.

One of the highlights of this year's C-O-P Conference will be a panel, featuring five top executives selected from each sector of the industry, who will share their insights into the challenges of the '90s. The five panelists are:

- Harris "Bud" Rusitzky, president, Serv-Rite Food Service, and president, National Restaurant Association;
- Ted Fowler, president, Golden Corral Family Steak Houses;
- Denise Tase, president, Wienerschnitzel;
- Paul Gordon, president, Gordon Food Service; and
- James McVey, president, Oscar Mayer Foods Corporation.

Tackling the topic, "New Politics: Will We Win or Lose?" will be Cliff Raber, vice president of government relations for McDonald's Corp.

The C-O-P Foodservice Conference is designed to bring together all sectors of the industry to focus on critical center-of-plate issues.

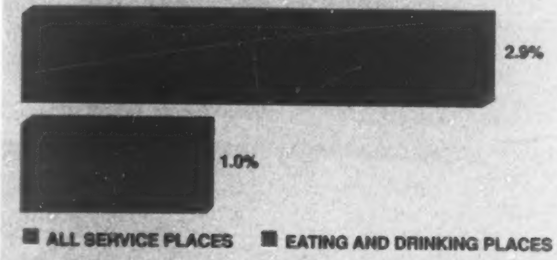
The C-O-P conference is sponsored by *Restaurant Business* and the American Meat Institute (AMI) in cooperation with *RB*'s sister publications, *Institutional Distribution* and *FoodService Director*, and the following allied associations: the International Foodservice Distributors Association, the National Pork Producers Council, and the National Live Stock and Meat Board.

For registration information, contact Nancy Nugent, American Meat Institute, at (703) 841-2400.

–Peter Berlinski

Growth in Employment

Fourth quarter 1989 versus fourth quarter 1988



Growth in Eating and Drinking Place employment edged up 1.0% during the fourth quarter of 1989 versus the year-earlier period, according to the latest Department of Labor reports. Employment in all service industries surged 2.9%.

SOURCE: U.S. DEPARTMENT OF LABOR

From NYC to Boca Raton

A chic New York City restaurant that catered to trend setters on Manhattan's Upper East Side from 1979 to 1985 has resurfaced in Boca Raton, FL.

Robert Shapiro recently opened Hoexter's Market in swanky Crocker Center.

To head up his kitchen, Shapiro chose Norman Van Aken, the well-known chef who authored "Feast of Sunlight," a cookbook based on his 17 years of culinary experience.

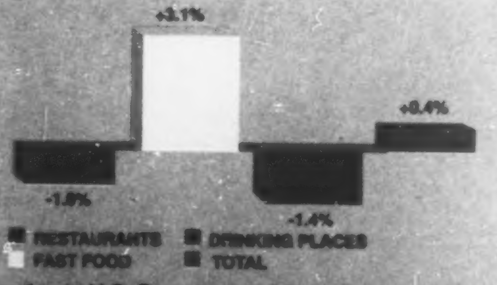
The 9,000-sq.-ft. restaurant serves beef that comes from Rocky Mountain cattle raised on mountain water and organic grains.

A variety of fresh fish and shellfish is also available, and Maine lobster is flown in daily. In addition, oysters, mussels, and beluga caviar are regularly featured at an elegant raw bar.

Aside from the Hoexter's establishment located in Manhattan, Shapiro has owned several other popular New York City restaurants, including Uzies, Texarkana, and Vanessa. **–Don Nichols**

Real Growth in Retail Sales (Preliminary)

January - November 1989



According to U.S. Department of Commerce reports, retail sales at Eating and Drinking Places reached $150.9 billion for the 11 months ending November 30,1989. This represents only a 5% nominal increase over the same period in 1988-a sluggish 0.4% real growth.

SOURCE: U.S. DEPARTMENT OF COMMERCE

European 'Window' Closing?

While the unification of Europe into one economic entity in 1992 will create a single powerful market representing $2.4 trillion and 320 million people, the window of opportunity for American franchisors may already be closing, says Homer Price, a franchise law specialist.

"The unification is designed to remove internal trade barriers among the 12 member nations," says Price. He warns, however, that "there is a possibility that external barriers to entering the European Community, like tighter import restrictions and higher tariffs, might make U.S. activity in Europe more difficult" for companies that don't already operate there.

Price, vice president of McLean Sanders Price Head & Ellis, a Fort Worth, TX, law firm, advises that American franchisors who may be planning overseas operations should begin to enter the market now. One way is by granting a master license for a large territory with sublicensing rights, he says.

–Nancy Cohen

1988-89 Systemwide Sales by Company and Franchise ($000,000)

Franchise System	1989					1988	'88-'89
	Fiscal Year	Systemwide	Avg. Unit Volume	Company-Owned	Franchisee-Owned	Systemwide	% Total Change
1 McDonald's	12/89	$17,535	$1,645,000	$4,637	$12,898	$16,064	9.2
2 Burger King	5/89	5,700	943,396	969	4,731	5,400	5.6
3 Kentucky Fried Chicken	12/89	4,900	714,000	1,415	3,485	4,896	0.1
4 Hardee's	12/89	3,500	925,000	1,185	2,315	3,306	5.9
5 Pizza Hut*	12/89	3,330	587,600	2,200	1,130	2,800	18.9
6 Wendy's*	1/90	3,035	770,000	982	2,053	2,869	5.8
7 Domino's	12/89	2,475	492,000	588	1,887	2,307	7.3
8 Dairy Queen*	11/89	2,195	420,000	2	2,193	2,067	6.2
9 Taco Bell*	12/89	2,100	712,000	1,300	800	1,600	31.3
10 Denny's*	12/89	1,455	1,150,000	1,225	230	1,323	10.0
11 Arby's*	10/89	1,350	635,000	135	1,215	1,160	16.4
12 Big Boy	12/89	1,300	1,100,000	200	1,100	1,100	18.2
13 Little Caesars Pizza	12/89	1,200	436,840	300	900	1,000	20.0
14 Sizzler	4/89	883	1,472,000	295	588	790	11.8
15 Dunkin' Donuts*	10/89	875	515,000	3	872	790	10.8
16 Jack In The Box*	10/89	845	945,000	620	225	775	9.0
17 Ponderosa Steakhouse*	2/90	835	1,160,000	465	370	800	4.4
18 Shoney's	10/89	831	1,453,000	402	429	750	10.8
19 Long John Silver's	6/89	780	550,000	520	260	753	3.6
20 Subway*	12/89	770	220,000	6	764	603	27.7
21 Roy Rogers*	12/89	670	1,145,000	380	290	630	6.3
22 Baskin-Robbins*	12/89	640	190,000	35	605	623	2.7
23 Bonanza Family Restaurants*	12/89	610	980,000	2	608	571	6.8
24 Carl's Jr.	1/90	562	1,045,000	476	86	481	16.8
25 Popeyes Famous Fried Chicken*	10/89	525	755,000	85	440	485	8.2
26 Church's Fried Chicken*	10/89	515	390,000	322	193	560	(8.0)
27 Western Sizzlin'*	10/89	450	795,000	0	450	463	(2.8)
28 Perkins Restaurants	12/89	437	1,285,000	142	295	375	16.5
29 Chi-Chi's	9/89	431	2,577,000	323	108	411	4.9
30 Sonic	8/89	410	394,500	35	375	341	20.2
31 Captain D's	10/89	401	660,000	229	172	364	10.2
32 Ground Round*	9/89	375	1,600,000	313	62	300	25.0
33 International House of Pancakes	12/89	359	747,000	31	328	316	13.6
34 Chili's	6/89	332	2,070,000	266	66	261	27.2
35 Rax Restaurants	7/89	319	640,000	97	222	366	(12.8)
36 Pizza Inn*	6/89	305	468,000	125	180	300	1.7
37 TCBY	11/89	303	232,000	30	273	210	44.3
38 Round Table Pizza	7/89	295	545,000	0	295	250	18.0
39 Ryan's Family Steak Houses	12/89	295	2,230,000	238	57	235	25.5
40 Whataburger Restaurants*	9/89	290	670,000	185	105	272	6.6
41 Showbiz Pizza*	12/89	265	1,100,000	135	130	261	1.5
42 Waffle House*	6/89	265	410,000	110	155	250	6.0
43 Godfather's Pizza	5/89	250	450,000	85	165	242	3.3
44 Marie Callender Pie Shops*	12/89	250	1,560,000	135	115	225	11.1
45 Tony Roma's*	2/90	245	2,445,000	40	205	220	11.4
46 Carvel Ice Cream*	12/89	235	265,000	3	232	223	5.4
47 Village Inn	10/89	235	1,054,000	137	98	233	0.9
48 Sbarro	12/89	210	535,000	155	55	154	36.4
49 Mr. Donut*	2/90	205	350,000	1	204	175	17.1
50 Grandy's*	12/89	200	950,000	105	95	185	8.1

* Estimated

Note: Data includes international operations; data is in millions of dollars, except average unit volume

1988-89 Systemwide Units by Company and Franchise

Franchise System	1989			1988			'88-'89
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned	% Total Change
1 McDonald's	11,120	2,800	8,320	10,513	2,600	7,913	5.8
2 Kentucky Fried Chicken	7,945	2,112	5,833	7,761	1,571	6,190	2.4
3 Pizza Hut	7,684	3,770	3,914	6,662	2,984	3,678	15.3
4 Burger King	6,042	983	5,059	5,473	818	4,655	10.4
5 Dairy Queen*	5,206	5	5,201	5,122	5	5,117	1.6
6 Domino's	5,170	1,382	3,788	4,893	1,370	3,523	5.7
7 Subway*	4,150	30	4,120	2,898	30	2,868	43.2
8 Wendy's	3,754	1,142	2,612	3,816	1,229	2,587	(1.6)
9 Baskin-Robbins*	3,351	188	3,163	3,406	192	3,214	(1.6)
10 Hardee's	3,291	1,086	2,205	3,110	1,038	2,072	5.8
11 Taco Bell	3,000	1,800	1,200	2,930	1,716	1,214	2.4
12 Little Caesars Pizza	2,747	687	2,060	2,375	578	1,797	15.7
13 Arby's*	2,150	220	1,930	2,049	209	1,840	4.9
14 Dunkin' Donuts	1,878	6	1,872	1,765	6	1,759	6.4
15 TCBY	1,582	149	1,443	1,175	115	1,060	34.6
16 Long John Silver's	1,490	1,017	473	1,469	979	490	1.4
17 Denny's*	1,365	1,050	315	1,299	1,001	298	5.1
18 Church's Fried Chicken*	1,213	807	406	1,369	998	371	(11.4)
19 Big Boy	1,020	150	870	960	81	879	6.3
20 Jack In The Box	1,000	665	335	957	637	320	4.5
21 Sonic Drive-Ins	1,000	85	915	985	74	911	1.5
22 Carvel Ice Cream*	890	10	880	895	10	885	(0.6)
23 Popeyes Famous Fried Chicken*	743	114	629	715	102	613	3.9
24 Ponderosa*	720	400	320	715	400	315	0.7
25 Shoney's	680	280	400	643	277	366	5.8
26 Waffle House*	670	280	390	650	273	377	3.1
27 Pizza Inn	654	266	388	666	278	388	(1.8)
28 Winchell's Donut House*	650	580	70	671	603	68	(3.1)
29 Sizzler	628	201	427	588	187	401	6.8
30 Roy Rogers*	622	361	261	576	334	242	8.0
31 Bonanza Family Restaurants*	615	2	613	612	2	610	0.5
32 Captain D's	607	348	259	588	253	335	3.2
33 Mr. Donut*	590	1	589	599	1	598	(1.5)
34 Western Sizzlin'*	565	0	565	580	0	580	(2.6)
35 Round Table Pizza	543	0	543	535	0	535	1.5
36 Carl's Jr.	524	442	82	482	406	76	8.7
37 Godfather's Pizza	503	170	333	540	180	360	(6.9)
38 Rax Restaurants	498	140	358	521	148	373	(4.4)
39 International House of Pancakes	480	56	424	458	59	399	4.8
40 Whataburger Restaurants*	435	279	156	422	271	151	3.1
41 Sbarro	390	297	93	288	235	53	35.4
42 Perkins Restaurants	371	114	257	341	114	227	8.8
43 Mazzio's Restaurants*	290	132	158	285	130	155	1.8
44 Lee's Famous Recipe	282	48	234	283	46	237	(0.4)
45 ShowBiz Pizza*	257	131	126	263	129	134	(2.3)
46 Country Kitchen	255	3	252	252	3	249	1.2
47 Ground Round*	235	195	40	215	178	37	9.3
48 Village Inn	234	133	101	256	139	117	(8.6)
49 Shakey's Pizza Parlor*	230	9	221	231	9	222	(0.4)
50 Grandy's*	211	111	100	205	108	97	2.9

* *Estimated*

Note: Data includes international operations

FRANCHISE SUMMARY

Franchising continues to represent the small business-owner's greatest chances for success. In the restaurant industry, which has grown increasingly more competitive and more saturated in the past decade, franchising offers the unique advantage of proven business methods and systems. In franchising, the franchisor has already done most of the work necessary to make the concept succeed.

For this and a variety of other reasons, franchising is in a very robust state of health. Franchising sales of goods and services in nearly 533,000 outlets are expected to reach almost $716.4 billion in 1990, 114% higher than at the start of the 1980s. This rapid growth has been led by business format franchising, which is expected to grow by 155% toward the end of 1990. Employment in franchising, including part-time workers and working proprietors, was 7.7 million individ-

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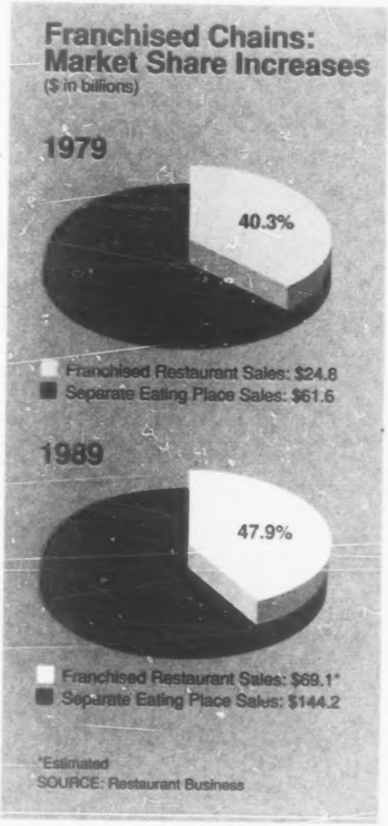

Franchised Chains: Market Share Increases
($ in billions)

*Estimated
SOURCE: Restaurant Business

U. S. FRANCHISED RESTAURANTS SUMMARY

Item	1988	1989*	1990*	Percent Changes 1988-89	Percent Changes 1989-90
Company-owned units	27,305	27,761	29,313	1.7	5.6
Franchisee-owned units	63,040	66,524	72,822	5.5	9.5
Total number of units	**90,345**	**94,285**	**102,135**	**4.4**	**8.3**
Company-owned sales ($000)	$22,276,989	$23,438,938	$25,688,238	5.2	9.6
Franchisee-owned sales ($000)	42,003,446	45,655,170	50,827,883	8.7	11.3
Total sales	**$64,280,435**	**$69,094,108**	**$76,516,121**	**7.5**	**10.7**
Avg. unit sales, company-owned units ($000)	$816	$844	$876	3.4	3.8
Avg. unit sales, franchisee-owned units ($000)	666	686	698	3.0	1.7
Total average unit sales ($000)	**$711**	**$732**	**$749**	**3.0**	**2.3**

** Estimated by respondents*

> *Franchising allows businesses to have a greater chance for success.*

etors, was 7.7 million individuals in 1988. This represented 6.9% of the total nonagricultural employment in the U.S.

The expansion to foreign markets by U.S. business format franchisors continues to increase rapidly. In 1988, almost 17% of all U.S. business format franchisors had more than 35,000 outlets in countries outside the U.S. In addition, domestic product and trade name franchisors are now operating in more than 160 countries.

During the 1990s, continued growth in franchising is expected to occur in franchisee-owned outlets rather than company-owned units. In 1989, the number of franchisee-owned outlets was expected to rise 7.0% compared with only a 1.1% increase in company-owned units.

Estimates for 1990 are for franchisee units to increase nearly twice as fast as company-owned units. While this expansion rate occurs in units owned by franchisees, it should be noted that company-owned units, in general, tend to have higher average sales than franchisee-owned units. This reflects a

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RESTAURANT FRANCHISING
GROWTH IN SALES 1984-1989
(SALES: $000)

Major Activity	Total Sales			Company-owned			Franchisee-owned		
	1984	1989*	% Change	1984	1989*	% Change	1984	1989*	% Change
Chicken	$3,891,165	$5,146,744	32.3	$1,599,723	$1,824,878	14.1	$2,291,442	$3,321,866	45.0
Hamburger, Franks, Roast Beef	22,043,955	34,442,872	56.2	6,055,926	8,606,482	42.1	15,988,029	25,836,390	61.6
Pizza	4,932,329	10,278,107	108.3	1,874,951	4,049,072	116.0	3,057,378	6,229,035	103.7
Mexican	2,113,104	3,101,192	46.8	1,121,070	1,661,700	48.2	992,034	1,439,492	45.1
Seafood	1,074,426	754,358	(29.8)	622,258	438,308	(29.6)	452,168	316,050	(30.1)
Pancake, Waffle	985,350	1,404,720	42.6	318,193	504,188	58.5	667,157	900,532	34.9
Steak, Full Menu	7,767,393	12,183,216	56.9	4,671,807	6,177,372	32.2	3,095,586	6,005,844	94.0
Sandwich, Other	626,060	1,782,899	184.8	129,624	176,938	36.5	496,436	1,605,961	223.5
Total	$43,433,782	$69,094,108	59.1	$16,393,552	$23,438,938	43.0	$27,040,230	$45,655,170	68.9

RESTAURANT FRANCHISING
GROWTH IN UNITS, 1984-1989

Major Activity	Total Units			Company-Owned			Franchisee-Owned		
	1984	1989*	% Change	1984	1989*	% Change	1984	1989*	% Change
Chicken	8,576	8,702	1.5	3,162	2,805	(11.2)	5,414	5,897	10.6
Hamburger, Franks, Roast Beef	29,305	38,804	32.4	6,445	8,580	33.1	22,860	30,224	32.2
Pizza	12,705	20,275	59.6	4,362	6,871	57.5	8,343	13,404	60.7
Mexican	3,774	4,567	21.0	1,702	1,973	15.9	2,072	2,594	25.2
Seafood	2,320	1,186	(48.9)	1,308	664	(49.2)	1,012	522	(48.4)
Pancake, Waffle	1,704	1,752	2.8	526	481	(8.5)	1,178	1,271	7.9
Steak, Full Menu	9,563	12,525	31.1	4,883	5,971	22.3	4,680	6,554	40.0
Sandwich, Other	2,548	6,474	54.1	563	416	(26.1)	1,985	6,058	205.2
Total	70,495	94,285	33.7	22,951	27,761	21.0	47,544	66,524	39.9

** Estimated by respondents*

Business format franchising is one of the most successful of the systems.

higher concentration of company-owned outlets in major urban centers, and a corresponding higher investment cost per outlet.

The franchise method of business growth, still young compared with other expansion methods, continues to contribute significantly to the American economy. Franchising provides rapid growth for the franchisor and, more important, it vastly increases the likelihood of success for the small businessperson, namely the franchisee. This unique working relationship offers flexibility and security unavailable under other business expansion systems.

Franchising is perhaps the only business structure that tends to create additional business units. Since the franchisee uses the franchisor's expertise and trademark or service mark, franchising permits small businesses to compete with major players. It also provides this unique opportunity to entrepreneurs with limited capital and business experience.

BUSINESS FORMAT FRANCHISING. Business format franchising is characterized by an ongoing business relationship between franchisor and franchisee. This includes the product, service, and trademark, as well as the entire

RESTAURANT FRANCHISING, 1988-1990

SALES ($000)

MAJOR ACTIVITY	1988			1989*		
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
Chicken	$4,945,775	$1,858,324	$3,087,451	$5,146,744	$1,824,878	$3,321,866
Hamburger, Franks, Roast Beef, etc.	31,986,347	8,120,081	23,866,266	34,442,872	8,606,482	25,836,390
Pizza	9,606,941	3,789,808	5,817,133	10,278,107	4,049,072	6,229,035
Mexican	2,975,795	1,634,064	1,341,731	3,101,192	1,661,700	1,439,492
Seafood	723,115	419,998	303,117	754,358	438,308	316,050
Pancake, Waffle	1,262,754	463,970	798,784	1,404,720	504,188	900,532
Steak, Full Menu	11,337,777	5,833,546	5,504,231	12,183,216	6,177,372	6,005,844
Sandwich, Other	1,441,931	157,198	1,284,733	1,782,899	176,938	1,605,961
TOTAL	$64,280,435	$22,276,989	$42,003,446	$69,094,108	$23,438,938	$45,655,170

* *Estimated by respondents*

RESTAURANT FRANCHISING, 1988-1990

NUMBER OF UNITS

MAJOR ACTIVITY	1988			1989*		
	Total	Company-Owned	Franchisee-Owned	Total	Company-Owned	Franchisee-Owned
Chicken	9,116	3,110	6,006	8,702	2,805	5,897
Hamburger, Franks, Roast Beef, etc.	37,081	8,324	28,757	38,804	8,580	30,224
Pizza	19,243	6,556	12,687	20,275	6,871	13,404
Mexican	4,407	1,935	2,472	4,567	1,973	2,594
Seafood	1,199	685	514	1,186	664	522
Pancake, Waffle	1,650	469	1,181	1,752	481	1,271
Steak, Full Menu	12,120	5,835	6,285	12,525	5,971	6,554
Sandwich, Other	5,529	391	5,138	6,474	416	6,058
TOTAL	90,345	27,305	63,040	94,285	27,761	66,524

* *Estimated by respondents*

business concept itself (a marketing strategy and plan, operating manuals and standards, quality control, and an ongoing process of assistance and guidance from the franchisor).

Restaurants, food and nonfood retailing, and personal and business services fall in the category of business format franchising, which has been responsible for much of the franchising growth in the U.S. and internationally since 1950. It will continue to offer numerous opportunities for individuals seeking to own a business.

The volume of sales and the number of units owned or franchised by business format franchisors have risen steadily since 1972, when sales of $28.7 million were generated by some 189,640 establishments. Sales of business format franchisors are expected to reach almost $213.2 billion in 1990, compared with $192.4 billion in 1989 and $178.3 billion in 1988.

In contrast to product and trade name franchises, the number of business format franchise establishments is expected to increase to nearly 392,900 in 1990, compared with 358,400 in 1989 and 339,000 in 1988.

The number of business format franchisors offering products and/or services to current and prospective franchisees has also risen steadily since 1972. In 1972, there were 909 franchisors in this category; in 1988, the latest year for which such figures were available, that number had more than doubled to 2,239 franchisors. This trend is expected to continue during the 1990s, since more and more companies are expected to expand their distribution of goods and/or services through a franchising system.

In 1990, franchise units will grow twice as fast as company-owned units.

Large franchisors—those with 1,000 or more units each, will continue to dominate business format franchising, with 69 companies accounting for 51.7% of all sales and 53.2% of all units in 1988. The total number of outlets reported by these large franchisors was 180,200, with sales of nearly $92.2 billion. Of these large franchisors, 16 were engaged in the business of restaurant franchising.

RESTAURANTS. Franchise restaurants continue to face increasing competition, both internally and externally. Restaurant operators have reacted in several ways to these competitive forces. For example, to satisfy customer demand, they are expanding menus, using fresher ingredients to please more sophisticated patrons, adding more food bars, upgrading facilities and improving service, and offering takeout and delivery services to convenience-seeking consumers. These concepts continue to grow in fast-food restaurants and are now being implemented in upscale restaurants.

Restaurant franchisors have been trying to strengthen their presence in current market segments rather than expanding into new markets. As a result, some companies have been searching for profitable mergers and acquisitions or even selling off unprofitable

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1990*		
Total	Company-Owned	Franchisee-Owned
$5,666,430	**$1,977,410**	**$3,689,020**
37,570,305	9,245,350	28,324,955
11,487,519	**4,578,639**	**6,908,880**
3,389,800	1,773,825	1,615,975
836,727	**470,632**	**366,095**
1,563,181	556,607	1,006,574
13,687,181	**6,864,211**	**6,822,970**
2,314,978	221,564	2,093,414
$76,516,12i	**$25,688,238**	**$50,827,883**

1990*		
Company-Total	Franchisee-Owned	Owned
9,112	**2,868**	**6,244**
41,249	9,018	32,231
21,954	**7,337**	**14,617**
4,926	2,074	2,852
1,285	**695**	**590**
1,908	511	1,397
13,565	**6,329**	**7,236**
8,136	481	7,655
102,135	**29,313**	**72,822**

Franchised restaurants will face greater competition in the future.

units and restructuring corporate operations.

International operations of franchised restaurants continue to expand as the domestic market becomes more saturated. In 1988, 6,996 units were located outside the U.S., Japan, and Canada. As in the past, these units account for the largest number of these operations. Currently, 13% of all franchisors have locations outside the U.S., and another 1.5% plan to locate outside the U.S. in the near future. Globalization is also a factor, since more foreign companies have increased their investments here in the United States.

Sales of franchised restaurants of all types were expected to reach almost $69.1 billion in 1989, an 8.7% increase compared with 1988 sales of $64.3 billion. Sales are expected to increase still further to $76.5 billion in 1990.

The number of franchised restaurants totaled 90,345 in 1988, increased to 94,285 in 1989, and are expected to reach 102,135 in 1990. The highest concentrations of franchised restaurants continues to be in California, Texas, Ohio, and Florida. The majority have a hamburger menu theme, accounting for almost half of all franchised restaurant sales.

Employment in the franchise restaurant sector was 2,726,605 individuals in 1988, up from 2,453,621 individuals in 1986. The average number of employees per establishment for 1988 was 30.2.

Text and data for this article were adapted from the annual report, "Franchising in the Economy," published by the Educational Foundation of the International Franchising Association (IFA) and Laventhol & Horwath (L&H). In previous years, this study had been undertaken by the U.S. Department of Commerce. Data for the Top 50 charts was provided exclusively to Restaurant Business *by Technomic Inc.*

U.S. FRANCHISED RESTAURANTS*

NUMBER OF ESTABLISHMENTS BY STATE, 1988

State	Total	Company-Owned	Franchisee-Owned	State	Total	Company-Owned	Franchisee-Owned
Alabama	1,442	375	1,067	**Nebraska**	380	186	194
Alaska	137	16	121	Nevada	543	109	434
Arizona	1,176	368	808	**New Hampshire**	297	25	272
Arkansas	809	146	663	New Jersey	494	354	140
California	8,422	2,265	6,157	**New Mexico**	1,213	96	1,117
Colorado	1,350	376	974	New York	1,064	527	537
Connecticut	592	88	504	**North Carolina**	2,489	516	1,973
Delaware	191	88	103	North Dakota	229	17	212
Dist. of Columbia	169	83	86	**Ohio**	4,449	1,486	2,963
Florida	4,480	1,577	2,903	Oklahoma	1,859	701	1,158
Georgia	2,740	1,193	1,547	**Oregon**	948	160	788
Hawaii	245	99	146	Pennsylvania	2,554	866	1,688
Idaho	226	23	203	**Rhode Island**	173	51	122
Illinois	3,646	1,291	2,355	South Carolina	1,376	326	1,050
Indiana	2,375	756	1,619	**South Dakota**	245	48	197
Iowa	1,223	257	966	Tennessee	1,771	522	1,249
Kansas	1,114	321	793	**Texas**	7,435	2,772	4,663
Kentucky	1,632	494	1,138	Utah	393	96	297
Louisiana	1,660	522	1,138	**Vermont**	61	1	60
Maine	824	3	821	Virginia	2,150	679	1,471
Maryland	685	506	179	**Washington**	1,203	369	834
Massachusetts	942	207	735	West Virginia	616	190	426
Michigan	1,521	896	625	**Wisconsin**	1,619	377	1,242
Minnesota	2,559	386	2,173	Wyoming	450	24	426
Mississippi	1,198	146	1,052	**Puerto Rico**	199	22	177
Missouri	1,432	801	631	Other U.S. Poss.	15	1	14
Montana	1,368	4	1,364	**TOTAL**	78,625	23,808	54,817

* *Represents 87% of total establishments. The remaining 13% were unable to provide a geographic breakdown for this report.*

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A BILL PUBLICATION

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RESTAURANT BUSINESS

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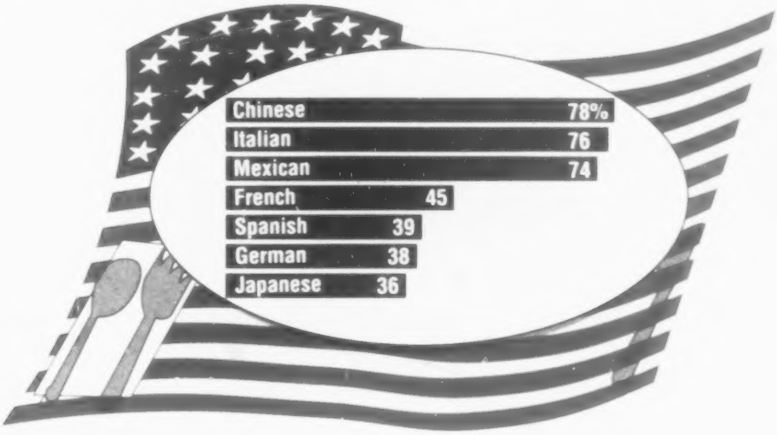
THE CHANGING WORK FORCE

159

BUSINESS BAROMETER

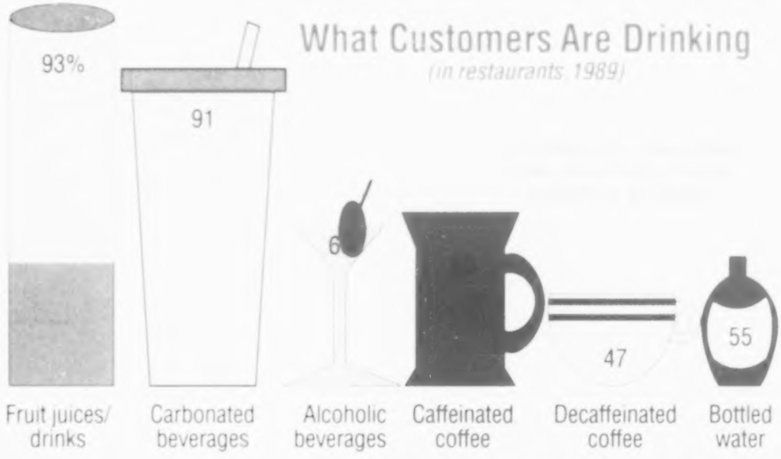


Source: National Restaurant Association, "The Market for Ethnic Foods," 1989

"The broad appeal of Chinese, Italian, and Mexican dishes," says the NRA, "suggests that they have been fully assimilated into the U.S. culture." French, Spanish, German, and Japanese cuisines apparently rated high because of the pluralistic nature of U.S. society.

What Customers Are Drinking

(in restaurants, 1989)

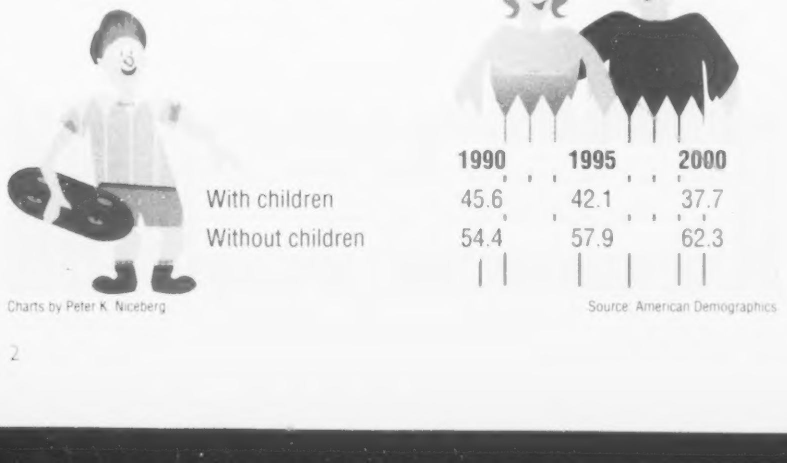


Source: The Research Advantage Inc., "Taking the Pulse of Today's Dining Out Patron"

Further results of the study show that while men and women are equally likely to order fruit juices or drinks, more men order alcoholic beverages. In addition, caffeinated usage appears strongest in the Midwest, while decaffeinated usage is strongest in the East.

Empty Nesters Growing

(% of all married couples)



	1990	1995	2000
With children	45.6	42.1	37.7
Without children	54.4	57.9	62.3

Charts by Peter K. Niceberg

Source: American Demographics

The number of married couples with children under 18 will drop by 12%—from 24 million in 1990 to 21 million—by 2000. Married couples aged 45 to 64—"empty nesters"—will grow by 40%.

RESTAURANT BUSINESS

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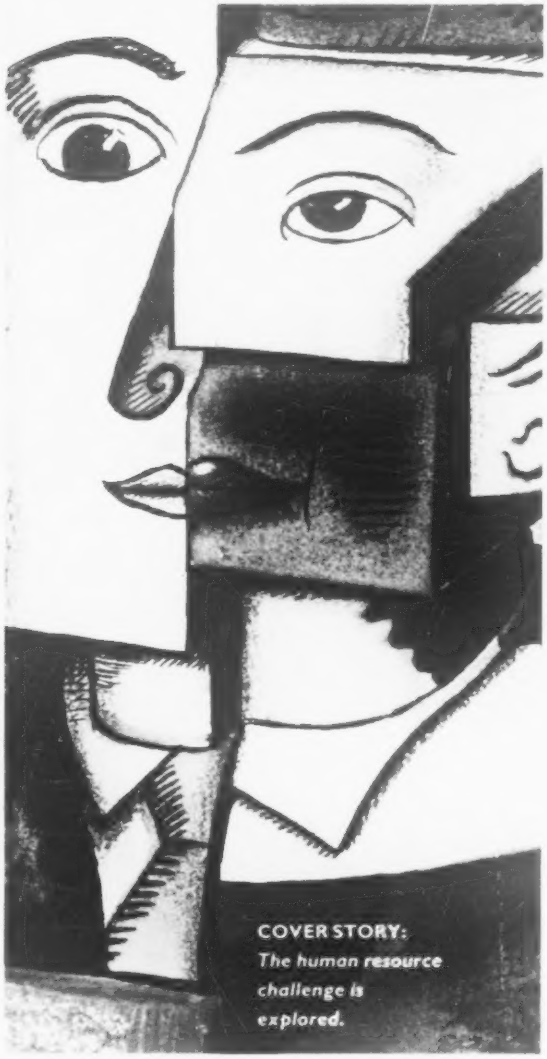

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COVER STORY

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Cover illustration by Robert Neubecker

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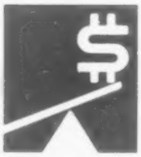

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Reprints of the **1989 RESTAURANT GROWTH INDEX** and the **1990 MAJOR FORCES IN FRANCHISING** are available for $5 per copy. Direct inquiries to Editor Peter Berlinski, *Restaurant Business*, 633 Third Ave., New York, NY 10017.

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COVER STORY **LEADERSHIP AWARDS.** Once again, *RB* honors those leaders who have proven themselves both in their foodservice success and in their industry involvement. This year, the editors are pleased to honor the following six winners: Jack Galione, president, Corporate Food Services Inc.; Walter Conti, proprietor, Conti's Cross Keys Inn; Jack Goodall, president/CEO, Foodmaker Inc.; William Hulett, president, Stouffer Hotel Co.; George Berkowitz, president, Legal Sea Foods Inc.; and Jackie Trujillo, vice chairman, Harman Management Corp. Each winner will be profiled in depth.

MARKET REPORT **ICE CREAM/YOGURT.** Between 1986 and 1989, the frozen yogurt category quadrupled in size, while the product has been added to virtually every ice cream shop's menu board. Not long ago, ice cream chains denounced frozen yogurt as a fad. Now, most offer it.

MENU IDEAS **PRODUCE.** From grilled vegetables in a tortilla to braised celery parmesan, produce offers operators low-cost, healthy entree and side-dish alternatives.

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Analysts See Hotels' Need For Restaurant Partners

The 1990s will see "more hotel operators thinking about using outside restaurant operators," according to analysts at the sixth annual Lodging Industry Conference sponsored by the accounting firm of Laventhol & Horwath in Dallas recently.

Robert Patterson, Laventhol's national director of foodservice consulting, offered several reasons for the increasing interest in hotel partnerships with restaurants, including:

- The increasing number of new hotels with 150 to 300 rooms;
- The growth of properties large enough to require full-service restaurants, but too small to afford the physical plant and equipment needed; and
- The fact that having a restaurant operation with an established name "lends credibility to a hotel project in the eyes of lenders."

Vincent Orza, chairman and president of Oklahoma City, OK-based Eateries Inc., stressed that such restaurants will require separate entrances and signage, as well as competitive prices.

"People tend to think of hotel food as being pheasant served under glass," Orza said. "At our hotel restaurants, we sell customers what they want rather than what the chef wants to sell, which is what most hotels do."

Analysts also produced the results of a Laventhol & Horwath study showing that all-suite hotels profit more when service is limited.

When foodservice other than free continental breakfasts is introduced, the analysts noted, profit margins begin to decline.

The study was based on financial reports of nearly 100 all-suite hotels.

Those with restaurants and room rates above $65 per night lose about $600 per room per year, they found. But those with limited service and nightly rates of less than $65 net approximately $500 per room, per year.

–Don Nichols

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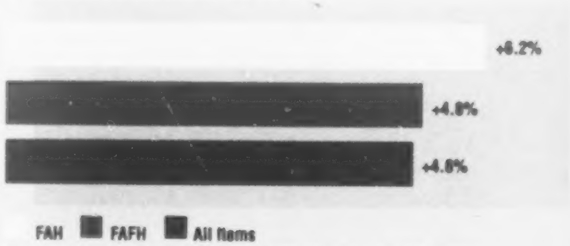
PERCENT CHANGE IN CPI



Food-at-Home, Food-Away-From-Home and All Items Dec. '89 vs. Dec. '88

As it has through 1989, the December Consumer Price Index (CPI) for Food–At–Home (FAH) outpaced Food–Away–From–Home (FAFH), 6.2% to 4.8%. Dairy products led all food categories in price increases.

The percent change in FAFH continues to be lower than that in FAH due to foodservice operators' difficulty in passing along price increases. Despite the shortage and skyrocketing costs of tomatoes in January, for example, Wendy's and McDonald's both announced they would absorb the loss rather than reduce coverage or increase menu prices.

SOURCE: U.S. Department of Commerce, Bureau of Labor Statistics

'I Used to Be Rich...(CLICK)...I Used to Be Rich...'

He's danced with Liberace, babysat for Stevie Wonder's children, and done an acting stint in Oliver Stone's movie, *Wall Street*. In fact, he still found the time to perform at high-roller casino parties and deliver room-service orders to guests at Resorts International Casino Hotel in Atlantic City.

Not bad for a 5-ft., 210-lb. robot.

The robot, named Rich, (short for Resorts International Casino Hotel), is now temporarily out of commission. His former operator, Wayne Brown, has left Resorts International to become entertainment coordinator at Donald Trump's Taj Mahal Casino Resort, which opened this month in Atlantic City (see Insights, page 28).

During Brown's seven years as the robot's operator, he helped Rich achieve celebrity status. Not only did Rich entertain guests as the "Ambassador of Good Will," but he toured New Jersey grade schools as part of Nancy Reagan's "Say No to Drugs" campaign. He also helped children learn library skills by performing in a rock video that was distributed in New Jersey libraries, and teamed with New Jersey Governor Thomas Kean's in a "Fight Illiteracy" program.

ILLUSTRATION BY NURIT KARLIN

Brown says leaving Rich was difficult. "He and I were joined at the belly button."

Brown invested quite a bit of himself in the 5-ft. wonder.

Among other things, he created Rich's voice, look, and family tree (his mother is a Hoover, and his father, a Kenmore vacuum cleaner).

Brown was responsible for Rich's every move. He controlled the robot's action by radio. He used to hide behind bushes, or sit inconspicously in a bar so Rich could interact with the guests without them noticing him.

Although he does have a roving robot in mind for the Taj Mahal, Brown is concerned about Rich.

"I hope they find someone to continue his legacy," he says. "I've got a little Rich still in me."**–Lori Barker**

INSIGHTS

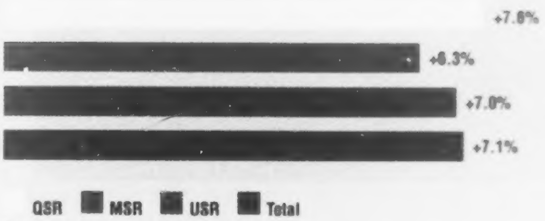
Just-Released Report Profiles Business Travelers

Business travelers dine on fast food nearly 25% of the time, according to the recently released "Runzheimer Business Traveler Meal Survey, 1989."

The survey, which reports on the eating habits of more than 2,500 business travelers in the U.S. and Canada, also found that:

- 40% of business travelers skip breakfast "on occasion";
- When business travelers do order breakfast, it usually consists of juice, coffee or tea, eggs, bacon or sausage, and toast. Lunch consists of soup, sandwich, and soft drink. Dinner is beef or fish, salad, potato or rice, and coffee or tea. Less than 25% of respondents said they "often" have a cocktail with dinner;
- Female business travelers are nearly five times more likely to order room service; and
- Men are twice as likely as women to order an entree salad for dinner. Women are more likely to order poultry and shellfish. **–Howard Riell**

CUSTOMER EXPENDITURES



Percent Change in Fall '89 Quarter Expenditures vs. Year–Earlier Period

Customer Expenditures for the quarter ended November 1989 grew 7.1% versus the same period in 1988.

Quick–Service Restaurants led all segments with a 7.6% rise in expenditures. Expenditures at UpScale Restaurants (USR) surged 7.0%, but this performance is modest given the 5.5% rise in traffic. Meanwhile, MidScale Restaurants (MSR) posted the smallest increase during the fall quarter, 6.3%, on a 2.0% increase in traffic.

SOURCE: CREST/NPD Research

Shapiro Brings Hoexter's From Manhattan To Boca Raton

A chic New York City restaurant that catered to trend setters on Manhattan's Upper East Side from 1979 to 1985 has resurfaced in Boca Raton, FL.

Robert Shapiro recently reopened Hoexter's Market in swanky Crocker Center. To head up his kitchen, Shapiro chose Norman Van Aken, the well-known chef who authored "Feast of Sunlight," a cookbook based on his 17 years of culinary experience.

The 9,000-sq.-ft. restaurant serves beef that comes from Rocky Mountain cattle raised on mountain water and organic grains.

A variety of fresh fish and shellfish is also available. In addition, Maine lobster is flown in daily.

Also available at an elegant raw bar are such items as oysters, mussels, and beluga caviar.

Besides the Manhattan Hoexter's, Shapiro has owned several other popular New York City restaurants, including Uzies, Texarkana, and Vanessa. **–Don Nichols**

Insights cont. on p. 62

K.P. Was Never Like This Before...

Military dining halls have changed their image over the years. Instead of offering a soggy vegetable medley or creamed chipped beef, they are now offering steak, lobster, shrimp, and crab legs.

"Dining halls no longer reflect what's depicted on television," says Linda Yarrow, chief of clinical dietitians at Fort Riley's Irwin Army Community Hospital, in Fort Riley, KS.

In fact, the Army has been working hard to encourage dining halls to promote nutritional information and satisfy soldiers' need for healthy dining.

For instance, during National Nutrition Month in March, 15 dining halls at Ft. Riley's military community competed in a contest to discover which offered the most nutritious fare.

"We make sure they offer a nonfried food when they have fried food, that they supply both skim and lowfat milk, and serve food items without margarine or salt," explains Yarrow. "Our dining halls ocassionally offer crab legs and lobster meals when our budget allows for it, and shrimp is an entree every third week," Yarrow adds.

–Lori Barker

Clark Hopes Restaurant Will Rock

Dick Clark is the latest celebrity to try his luck in the restaurant business.

The first American Bandstand Grill opened recently in Miami, in the Bayside Marketplace. Others are planned around the country.

"The idea is to build quite a few of these," says Hank Bruh, senior vice president of operations at Harmon Entertainment Restaurants Inc. in Secaucus, NJ. "We're already looking at two other sites." The real estate-oriented company developed the 250-seat restaurant in a joint venture with Clark, longtime host of "American Bandstand" and other shows.

"This isn't a name-buying deal," says Bruh. "Dick is very active in the business. He has been careful to make sure everything is the way he wants it.

"Remember, he's never licensed the American Bandstand name before," he adds. "He's taking good care of a prized possession."

At the Miami Grill, guests dine on American cuisine, including Philadelphia cheesesteak sandwiches and hamburgers.

Per-person checks average $7 to $10 at lunch, and $10 to $12 at dinner.

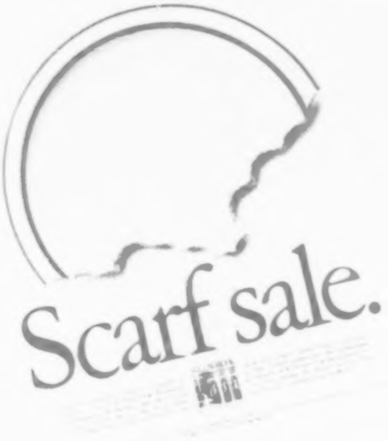
Not surprisingly, the food isn't the only draw; plenty of rock 'n' roll nostalgia is dished up as well. Guests can view clips of Clark's 35-year run on American Bandstand on video monitors.

The walls are plastered with memorabilia Clark collected during his decades in the music industry, including Michael Jackson's glove, Elvis Presley's cape, and Elton John's shoes.

"We've been asked why we chose Miami instead of Philadelphia or Los Angeles," Bruh says.

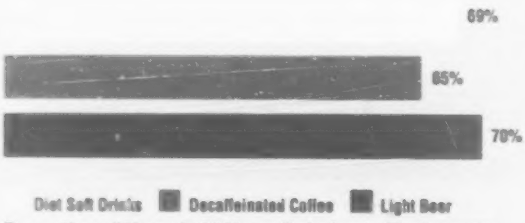
"We think Miami will give us the most initial exposure," he adds. "The city is an international melting pot; it's known for tourism; and the weather is basically good all year, which is important because we have two open-air balconies."

Diners can make their own music video or cassette tape in an on-site recording studio, and Clark himself will introduce their performance with a prerecorded, generic message. **–Don Nichols**



WILLOWBROOK GOES FOR LAUGHS
The Willowbrook Restaurant in Portland, OR, has found a humorous way to let its customers know it specializes in fresh, home-style food and offers group promotions.

SPECIAL ORDERS ON THE RISE



Proportion of Household Users Ordering in Restaurants

"Light," "low-cal," and "decaf" food products are being used in many more homes today than they were five years ago and being ordered more often in restaurants.

The biggest growth has been in diet soft drinks. Since 1984, the number of those drinking diet soft drinks at home has risen from 28% to 38%. Meanwhile, the proportion of household users who also make a special effort to buy diet soft drinks in restaurants has grown from 62% to 69%.

SOURCE: The Roper Organization

Texas Operators Help Kids Continue Their Education

Operators in Corpus Christi, TX, are befriending and employing troubled Hispanic youngsters who have either dropped out of high school or are thinking about it.

It's all part of a mentorship program jointly sponsored by the Coastal Bend Restaurant Association and the LULAC (League of United Latin American Citizens) Education Services Center. LULAC matches the youngsters with local restaurateurs who give them jobs in the hope that they will come to value the importance of an education.

"We're trying to get them to focus on their long-term goals," says Roy de los Santos, director of the LULAC center.

"Many of these kids have parents who can't give them all the material things other kids have," de los Santos adds, "so the kids try to get them themselves, even if it means quitting school."

The youths continue their studies while holding down their jobs.

LULAC asks the participating employers to provide incentives.

When they're hired, each kid is told he will be laid off if he doesn't receive his high school equivalency diploma within a specified period.

For those participants still in school, employers are asked to reward their educational accomplishments with a variety of bonuses.

For an "A" grade, for example, they might give a student a day off or a cash prize. Various other incentives are designed to cement the desire to stay in school and succeed.
–Don Nichols

Insights cont. on p. 66

MARKET SEGMENT REPORT

MEXICAN

The popularity of this spicy cuisine has spread nationwide.

By Jacque Kochak

TacoTime's strategy is "Bigger Tacos, Better Burritos, and Best Quality."

As the American appetite for the spicy flavors of Tex-Mex and classic Mexican foods continues to grow, the Mexican segment is becoming a tougher place to do business. But opportunities still abound for the operator who is offering a better product and doing a better job than the competition.

"There's still plenty of room out there for some success stories," says Rodney Allen, vice president of Dallas-based El Chico, a chain of midprice restaurants.

The Mexican segment today is solidly divided into three price-based subsegments. Fast food is dominated by Taco Bell, which far outstrips any of its competition in sheer size and market presence. The midprice subsegment is populated by savvy independents and small chains that are giving the larger Mexican chains a run for their money. Operators in the upscale subsegment, meanwhile, emphasize either authentic regional cooking from the provinces of Mexico or a sophisticated amalgam of American and Mexican cuisines dubbed "Southwestern."

POPULARIZING THE CUISINE. For many years, the Mexican segment was almost totally the province of small independent operators, most often Mexican themselves. Mexican restaurants were often clustered in ethnic neighborhoods in the cities and towns of the Southwest, California, and as far north as Kansas City.

As Mexican food slowly began to break out of those geographic boundaries, chains began to develop and serve as standard-bearers. Louisville, KY-based Chi-Chi's introduced Mexican food to many parts of the country, and PepsiCo's Taco Bell has been a major force for the mainstreaming of Mexican food.

In fact, Taco Bell and smaller Mexican fast-food chains are now in a curious symbiotic relationship. Because of its sheer size and large advertising budget, Taco Bell has been busy teaching unacquainted consumers about its brand of Tex-Mex, an endeavor much appreciated by its smaller competitors.

And Taco Bell welcomes the competition from its smaller cousins as well. "The competition increases customer awareness of the Mexican segment," says vice president of marketing Elliot Bloom.

Now, independents have become important again. "In every market that we're in, we see very good independents doing a dynamite job. They're our competition," says Chi-Chi's vice president of marketing, Glenn Drasher.

Mexican dinner houses have now become so much a part of the mainstream that their competition is no longer limit-

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MARKET SEGMENT REPORT

MEXICAN

ed to other Mexican eateries, Drasher adds. "We're a casual dinner house. We compete against people like Red Lobster, Chili's, and the Olive Garden."

Taco Bell's Bloom concurs. "We're probably 10 times larger than the next-largest Mexican fast-food chain," he says. "We no longer consider a Del Taco our competition. We're starting to scare the big guys. McDonald's is not McPerfect!"

A survey recently conducted by the National Restaurant Association shows just how well accepted Mexican food has become. A full 41% of Americans surveyed say they have eaten Mexican food in the last month, and a whopping 74% say they have tried Mexican food at some time. In fact, Mexican food slightly trails Chinese food and Italian food (which includes pizza) as the most popular ethnic cuisine around.

The Mexican segment is becoming a tougher place to do business, but opportunities still abound.

Chevy's units are bold and boisterous.

The continuing growth of the Mexican segment seems to be partly fueled by what the NRA calls the "casualization" of the American restaurant. Customers increasingly want a more casual, and less expensive dining-out experience, with good food and good value as primary considerations.

In part, the baby boom generation is fueling the trend towards casualization. When the first wave of baby boomers were young working singles, they experimented eagerly with different kinds of restaurants.

Now, they're faced with increasing financial demands as they marry, acquire homes, and have children. And the typical Mexican restaurant is the perfect place to take the family without breaking the budget.

Nevertheless, the Southwest and California continue to be the strongest markets for Mexican restaurants. Although more Mexican restaurants thrive there than any place else, people also eat at Mexican restaurants far more often. Mexican food is not ethnic food there; it's a way of life.

TACO WARS? Giant Taco Bell holds 70% of the Mexican fast-food market, and when the Mexican giant speaks, competitors listen—and react.

Right now, the quick-service portion of the segment is abuzz with talk about Taco Bell's Value Menu, a selection of 59¢ items including a taco, a beef taco, a tostada, nachos, pinto beans and cheese, and a bean burrito. Taco Bell also offers free drink refills. A customer can have lunch for under $1.

Bloom is adamant that the Value Menu is not a loss leader, however. "That's nonsense. We're making money on the Value Menu," he says. "We've cracked the code. We've got a lot of systems that the competition doesn't."

Some Mexican quick-service chains have responded by offering discounted

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MEXICAN

prices, but others are cautious about such a strategy.

"I think that some companies are looking for a quick fix, but, over the long term, discounting doesn't work," says Channing Arnold, director of marketing for Cheyenne, WY-based Taco John International. "Your profits start to erode, then you either watch the business go down the drain, or boost profit by cutting employees or quality. That's no good."

Bloom is also firm in saying that the Value Menu may look like a discounting strategy, but most emphatically is not. "The Value Menu will go on every day for as long as Taco Bell exists," he says. "But the value strategy doesn't work by itself. If we hadn't upgraded the whole business, the Value Menu wouldn't work. Such a strategy wouldn't be successful for everybody."

Taco Bell is, without a doubt, an impressive success story. As recently as 1982, the company was a regional niche player with sales slipping to the tune of 16% a year.

New president John Martin engineered an impressive turnaround, and last year posted sales that increased 21% over the previous year. What is more, transactions were up 34%. And 1989 earnings soared 26% in the first quarter, 60% in the second quarter, 50% in the third quarter, and 33% in the fourth quarter.

Taco Bell now operates 3,000 restaurants, generating more than $2 billion in sales. Since 1982, the company has tripled its number of units and quadrupled its sales. In fact, Taco Bell is now the eighth-largest fast-food chain in the world, says Bloom.

In 1982, Taco Bell had very small, dark units without drive-thru windows. The menu was limited, and no new products were forthcoming. Advertising awareness was minimal. Even the signage wasn't easily recognizable.

Martin commissioned a new logo, built new contemporary-looking restaurants with larger dining rooms, developed new advertising themes, and played toward a mainstream audience. New products followed, and then came the Value Menu. The rest is history.

El Chico's advertising campaign focuses on freshness and value.

> Fast food is dominated by Taco Bell, which outstrips its competition in size and market presence.

BANDITOS IN BAJA. Some of the most exciting Mexican concepts around today are the midprice "roadhouses" proliferating in the Southwest and California. They pulse with loud music and draw hordes of customers by offering fajitas and other Mexican specialties at low prices.

"They're real 'banditos in Baja' sorts of places," says one competitor, who admitted to being impressed. The casual border cantina atmosphere is accentuated by cement floors, a little bit of junk, and old beer posters, for example.

The granddaddy of all is said to be Papasito's in Houston, owned by the Pappas family. For competitive reasons, Pappas family members are shy about talking to the press.

A typical Papasito's reportedly posts gross sales of $4 million. The company operates one restaurant in Dallas, one in Austin, and four in Houston.

Less shy about talking to the press is Laura Hum, vice president and director of marketing for San Francisco-based Chevy's Mexican Restaurants, with 18 units in northern California. Some 30 units should be open by the first quarter of 1991, says Hum, with

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northern California continuing to be the focus of expansion.

Chevy's was developed in 1986 by Warren Simmons, also founder of the Tia Maria chain, after he and his family traveled in the Southwest and Mexico investigating different concepts. The units are bold and boisterous, with stucco ceilings, sand-colored walls, a galvanized zinc bar, and seating areas separated by shoulder-high walls of empty beer cases.

The food is the real draw. "Fresh Mex" is the trademark name for the everything-from-scratch menu, and the emphasis on quality is the reason expansion is taking place only within driving distance of the original unit for the immediate future.

The dining room is dominated by "El Machino," a giant tortilla-making contraption that turns out 900 fresh tortillas an hour. If a tortilla is over three minutes old, it is thrown away.

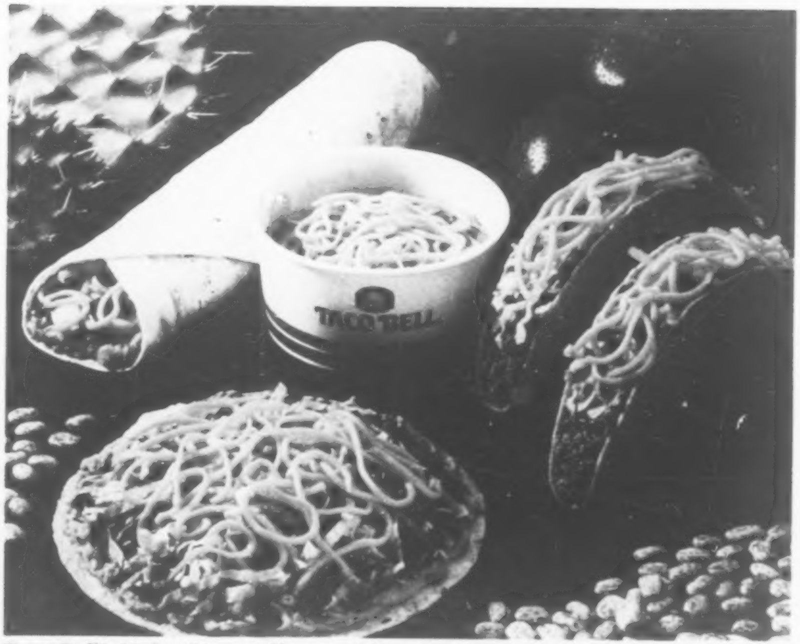
The centerpiece of the menu is mesquite-broiled chicken and beef fajitas, served with guacamole, pico de gallo, and rice and beans. The menu also includes such upscale offerings as quail, seafood specials such as salmon, sea bass, and swordfish, and mesquite-broiled lamb, as well as chiles rellenos made fresh daily. Average check is $8 at lunch and $10 at dinner, says Hum, driving average unit volumes over $2.5 million.

In Atlanta, Rio Bravo is also drawing rave reviews. Five units are now open in Atlanta, and the company is building in Nashville and Tampa, FL.

Rio Bravo founder Raymond Schoenbaum notes that Atlanta has become an extremely competitive market for Mexican restaurants as customers have become more and more knowledgeable about the cuisine.

"Believe it or not, in Atlanta there are 195 Mexican restaurants, most of them independents serving inexpensive food," he says. "Then there are about 10 large operations, and a few extremely sophisticated Southwestern-style restaurants serving a blend of Mexican and American cuisine. Yet in the rest of the Southeast, very few Mexican restaurants exist."

The midprice subsegment is populated by savvy independents and small chains.



Taco Bell's Value Menu offers a wide selection of 59¢ items.

GROWING FAST. A strong Mexican chain that is rapidly moving out of its regional base is Taco John, with 450 units strung across the upper Midwest. Plans call for building between 30 and 50 new stores a year for the foreseeable future. As a private company, Taco John doesn't release sales figures. Director of marketing Channing Arnold will say, however, that sales trends are positive.

"We're seeing increases that are nearly double digit," he says. "Being in marketing, I'd like to say that's the reason for the increases, but we've got a lot of new department heads in all disciplines. We're just running the business smarter."

Taco John boasts new vice presidents of operations, purchasing, franchise development, and marketing. As a result, new training programs are in place. The menu has been standardized. A field marketing team has been implemented to help franchisees with their individual needs. New advertising cooperatives are in place. New systems ensure product quality and improve distribution.

The menu has been changed to accommodate a number of chicken alternatives, including tacos, burritos, and taco salads. The company has also stopped building its old modular units, and is experimenting with new building designs with an airy and contemporary look with lighter woods and brass.

Costa Mesa, CA-based AWR II,

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MEXICAN

which operates 289 Del Tacos in California and one in Arizona as well as 60 Naugles in California, Utah, Nevada, Illinois, and Missouri, has chosen to confront Taco Bell head-to-head with a number of 59¢ menu items of its own.

When AWR II was first formed by Anwar Soliman, former head of the W.R. Grace Restaurant Group, executives expressed their ambition to grow rapidly and to capture a large share of the Mexican fast-food market.

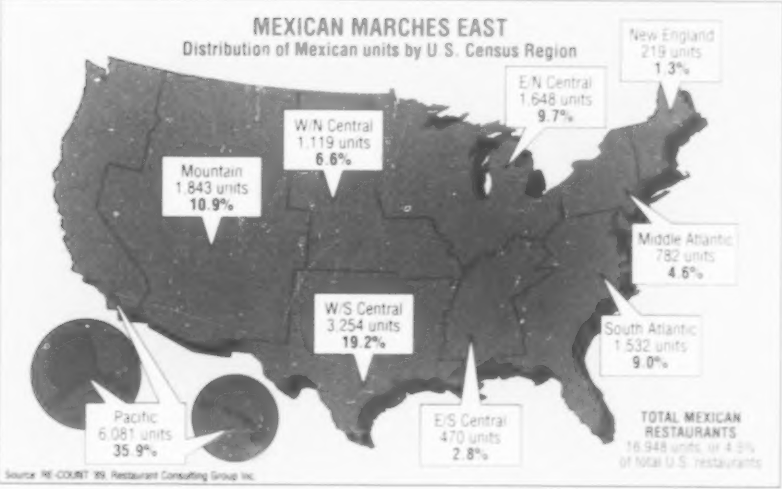
Now, prices have been lowered on many of the company's best-selling products, and several new 59¢ items have been added, including a crisp taco, a soft taco, a red-chili burrito, a green-chili burrito, and a tostada.

This price-cutting is a reversal of Del Taco's strategy under Soliman, who recently sold the fast-food chain to its four top executives. The new, highly leveraged company was strapped by debt, and interest payments were reportedly eating up profits.

Eugene, OR-based TacoTime International Inc. currently operates 210 units in the U.S. as well as 73 in Canada, 22 in Japan, 2 in Venezuela, and 1 in the United Arab Emirates, for a total of 308. All but 28 are franchised. Systemwide sales are projected to reach $99 million in 1990.

Operators in the upscale subsegment emphasize authentic regional cooking.

Thirty-eight restaurants opened in 1989, nine of those in Canada and 20 in Japan. In 1990, TacoTime will continue to grow in the Northwest and expand into New England, the Rocky Mountain states, northern Maryland, and Pennsylvania. A total of 500 restaurants should be open by 1995, according to Patricia Scarci, marketing communications manager.



Source: RE-COUNT '89, Restaurant Consulting Group Inc.

Chart by Peter K. [illegible]

TacoTime is definitely among the Mexican fast feeders affected by Taco Bell's Value Menu. "Our strategy is to position TacoTime apart from and above the competition with the slogan 'Bigger Tacos, Better Burritos, and Best Quality.' We want our new theme, 'It's Time for the Best,' to communicate TacoTime's product superiority," says Scarci.

Products now in test for TacoTime include a quesadilla made from a 7-in. pressed, "homestyle" flour tortilla filled with cheddar cheese and a spicy *picante* sauce. Beef or chicken can be added for variety.

Quesadillas are currently selling at 3.4% of gross sales with in-store promotional support, says Scarci. A television campaign was scheduled to run in mid-March; if the product performs as expected, quesadillas will be rolled out nationally in April and May.

Scarci says that a new combination lunch and dinner platter called the Mexi-Meal is also being tested. Each Mexi-Meal includes either a chicken chimichanga, beef chimichanga, or Casita Burrito served with Mexican rice, refritos, chips, a side salad, and a whole jalapeño pepper. She adds that testing has been underway since January, and platter sales are accounting for 4.9% of gross sales in test stores.

Though small in comparison to the major Mexican fast-food chains, Lincoln, NE-based Amigos draws good reports from competitors in its trade area. And Amigos doesn't intend to stay small forever; plans call for adding 150 units over the next three to five years, on top of the existing base of 40 units. All will be company-owned.

Amigos units are heavily concentrated in Nebraska, as well as Colorado, Kansas, and South Dakota. Expansion this year will be concentrated in Kansas and Colorado.

At Amigos, customers place orders, but are served by a waiter. Their meals come on china accompanied by silverware. Customers enjoy the convenience of a drive-thru window and the value of fast-food pricing, but with the ambience and comfort of a restaurant.

The menu is also somewhat more varied than that offered at the typical Mexican fast-food outlet. A Bambino Meal with an entree, crispos, and an ice cream cone draws families with children at the bargain price of 79¢.

Units seat from 80 to 150 people. Most are freestanding, but some are located in mall food courts, where paper

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MEXICAN

plates and plastic forks replace the china and silverware. Wine and margaritas are served where legal.

Average check is about $3.50, and average unit volume is about $750,000, says Joe Field, the company's new vice president of marketing. Some units do as much as $1 million, he adds, and the company's aim is to eventually build all unit volumes to that level.

Several small Southwestern chains have drawn much attention with the success of their "patio concepts." Both San Antonio, TX-based Taco Cabana and Houston-based Two Pesos feature extensive outdoor seating, a dining room with one wall open to the patio, and broad menus of high-quality, freshly prepared Mexican specialties served at fast-food prices.

In fact, the two concepts are so similar that until recently they were embroiled in a lawsuit. The trade-dress misappropriation suit was won by Taco Cabana in 1988, costing Two Pesos over $3 million.

The patio concepts have drawn attention because of their high volumes, but many observers have questioned whether they could succeed in colder climes. Apparently, their success is not insured even in warm climates. Two Pesos has encountered problems, and a similar concept called Alfonso's recently declared bankruptcy.

Taco Cabana continues to do well, says Richard Cervera, executive vice president. The privately owned company doesn't divulge systemwide sales, but Cervera says sales have been on an upward trend since last October, partially reflecting the recovering Texas economy. The company is also consolidating its position in existing markets.

Taco Cabana now operates 29 company-owned units and franchises three. That ratio is expected to change as franchising activity picks up with expansion into Arizona, Nevada, northern California, and Los Angeles. Corporate expansion is taking place primarily in South Texas.

The company is experimenting with a somewhat smaller building, which at 2,700 sq. ft. is 25% smaller. Food is still prepared entirely on premises.

Two Pesos operates 25 company units as well as one franchised unit and one licensed unit. The company is looking at expanding by four or five restaurants during the next 15 months, primarily in the Southwest.

Expansion has slowed as the company works to restructure its internal operations, says former president Tom Dietrich, who left the company shortly after this interview. Founder Marno McDermott has taken over Dietrich's responsibilities.

Two Pesos' total systemwide sales will reach about $40 million in 1990, says Dietrich. Unit volumes average about $1.5 million.

The newest development at Two Pesos is Two Pesos II, a double-drive-thru concept, which requires smaller parcels of property and one-third the investment. The smaller units are expected to generate half the volume of a full Two Pesos, however.

ALL ABOUT CHI-CHI'S. Louisville, KY-based Chi-Chi's, a subsidiary of San Diego's Foodmaker Inc., continues to reign as the country's largest mid- to upscale Mexican restaurant chain.

"We're a private company and I can't discuss specifics, but we ended our fiscal year in very good shape," says Drasher. "We hit our projections."

The company's most significant news is the development, testing, and rollout of a new product line dubbed "Tex-Mex." The first entrees in the line,

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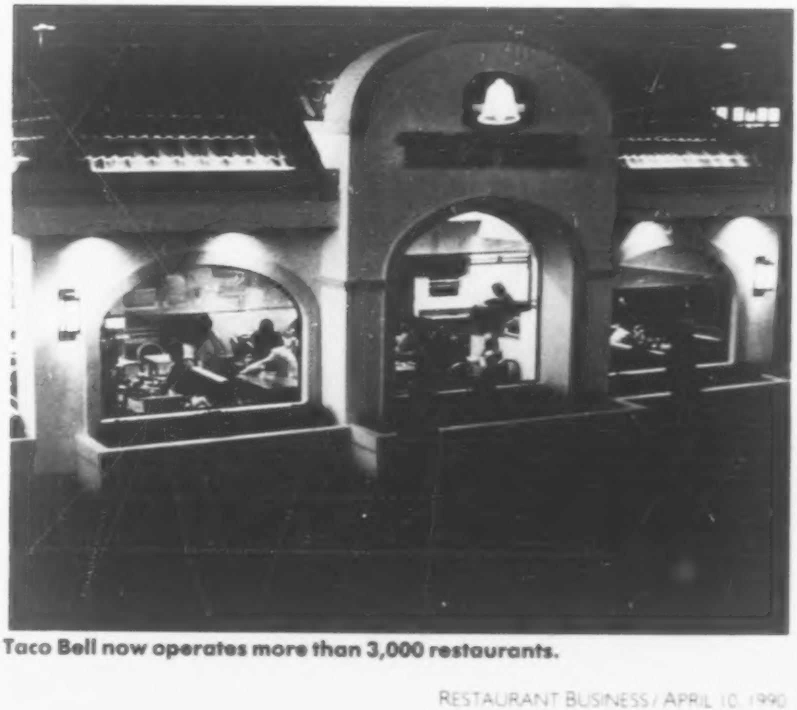
About 41% of Americans have eaten Mexican food in the last month, and 74% have tried it.



Taco Bell now operates more than 3,000 restaurants.

MARKET SEGMENT REPORT

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Steak or Chicken El Paso, are spicier than the existing Sonoran entrees.

Steak El Paso sells for $8.45, and Chicken El Paso for $7.95. Another new entree, the Lone Star Platter, is expected in the spring. The grilled chicken or steak strips topped by sauteed green peppers and onions and smothered with pepper-Jack cheese will sell for $7.95.

Drasher also notes that management turnover at Chi-Chi's is at an all-time low, a development that he attributes to a changed company culture following the appointment of Hal Smith as president.

California-based Acapulco Mexican Restaurants, a subsidiary of New York City-based Restaurant Associates, could be poised for stepped-up expansion following acquisition of 85% of the company by Tokyo-based Kyotaru Co.

Restaurant Associates has been hobbled by $90 million in debt from its 1988 leveraged buyout, and expansion had been put on the back burner.

Kyotaru Co. owns hundreds of restaurants in Japan, as well as a handful in the U.S. Among those are Torrance, CA-based El Paso Cantina, a chain of nine full-service Mexican restaurants that many speculate may be absorbed into the Acapulco chain. That would give Acapulco Mexican Restaurants a total of 50 units.

Kyotaru Co. has indicated to Restaurant Associates that the company will continue to be run autonomously, says Grant Beresford, Acapulco Mexican Restaurant's director of marketing. Acapulco now operates 41 restaurants—40 in California and one in Portland, OR. Two more restaurants will open in 1990.

As customers have grown increasingly sophisticated about Mexican food, Acapulco has completely reshaped its menu, focusing more on specialty offerings. The change is also a response to increased competition.

"We're getting away from the basic generic combo plates," says Beresford. "Our customers dine out an average of 16 times a month. Four of those times, they go to a Mexican restaurant. If they eat a taco, beans, and rice at our restaurant, they can go somewhere else and get about the same thing. This is an opportunity to differentiate."

The change has spurred a 5% increase in average checks, which in turn has increased per-store averages and gross sales.

The menu changes were implemented systemwide in September, and a new advertising campaign began the first of this year. Acapulco is now planning a series of food festivals, with additional menu items, that will run six to eight weeks and focus on the foods of a specific region.

Dallas-based El Chico Restaurants, which has long specialized in family-oriented, midprice dining, is stepping up its franchising efforts as it continues expanding into the Midwest and the Southeast. The company currently operates 57 company-owned restaurants, 29 franchised units, and four "concept" restaurants.

Midwestern expansion will include openings in Kansas, Illinois, Ohio, and Missouri. Southeastern restaurant openings will take place in North and South Carolina, Georgia, Tennessee, Kentucky, and Florida.

Like Chi-Chi's Drasher, El Chico's vice president of marketing Rodney Allen insists that the toughest competition for midprice Mexican restaurants these days is coming from independents. "There are a lot of very intelligent, very sophisticated operators out there," he says.

El Chico's systemwide sales in 1989

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The Southwest and California continue to be the strongest markets for Mexican restaurants.

THE TOP MEXICAN CHAINS

COMPANY	1989 SYSTEMWIDE SALES	NO. UNITS
Taco Bell PepsiCo	$2 billion	3,000
Chi-Chi's Foodmaker Inc.	$425 million*	195
El Torito	$250 million	125
Del Taco/Naugle's AWR II	$200 million	350
Taco John	$166 million*	450
El Chico	$112 million	90
TacoTime	$99 million	308

*RB estimate

MARKET SEGMENT REPORT

MEXICAN

This is a vital, challenging segment with plenty of opportunity but also plenty of risk.

Chi-Chi's new "Tex-Mex" entree line is spicier.

were up to $112 million from $107 million in 1988, although only two new units were opened.

Allen notes that as El Chico expands, the concept seems to appeal to different customers in different parts of the country. In its home markets, El Chico has always been a family restaurant. In the Southeast, where the Mexican segment is still in its youth, El Chico attracts a younger customer. The check average is higher and so is the liquor/-food mix.

"In the Southeast, it seems like people are still just discovering Mexican food," he says.

The newest development for El Chico, says Allen, is the introduction of a new radio advertising campaign focusing on freshness and value.

SOUTHWESTERN CONCEPTS. A number of fine-dining restaurants have opened that acquaint customers with the finest of classical Mexican cuisine, which has little in common with the Tex-Mex food popularized by Taco Bell and Chi-Chi's. Among them is San Francisco's Guaymas, owned by Spectrum Foods, which has developed a reputation as extremely expensive and extremely good.

Guaymas is elegant, but refined. Classical Mexican cuisine can come from more humble surroundings as well. San Francisco's La Canasta occupies a space so small that only carryout is available, but lines form to sample such offerings as turkey with mole sauce, made with chocolate and 11 spices.

Larry Cano and Fred LeFranc, partners in Vision Restaurants in Corona del Mar, CA, have opened Salud!, a Southwestern-style dinnerhouse serving specials such as *queso fundido* and fish baked in banana leaves, prepared in a *pibil*, or wood-burning oven.

In fact, Southwestern food, which is inspired by Mexican food rather than authentic Mexican cuisine, is where the excitement today seems to be in the upscale part of the segment.

Restaurants such as Kachina in Laguna Beach, FL, opened by former El Torito corporate chef David Wilhelm, are garnering a lot of attention. Wilhelm is earning raves for edible "saddlebags," a corn crêpe appetizer filled with honey-roasted duck in a jalapeño-spiked barbecue sauce. Entrees include a filet of beef with chipotle sauce, and swordfish accompanied by a colorful desert sunset sauce and a salsa of pink grapefruit.

THE FUTURE. The Mexican market segment continues to grow, but success doesn't come easily. As consumers become increasingly more sophisticated about Mexican food, they are demanding better fare. While the large chains are still growing, it is innovative independents and small regional chains that are drawing attention.

On the upscale end, creative chefs are combining classical Mexican ingredients in new ways to create a new cuisine called Southwestern.

All these elements add up to one thing: a vital, challenging segment with many opportunities but also plenty of risk.

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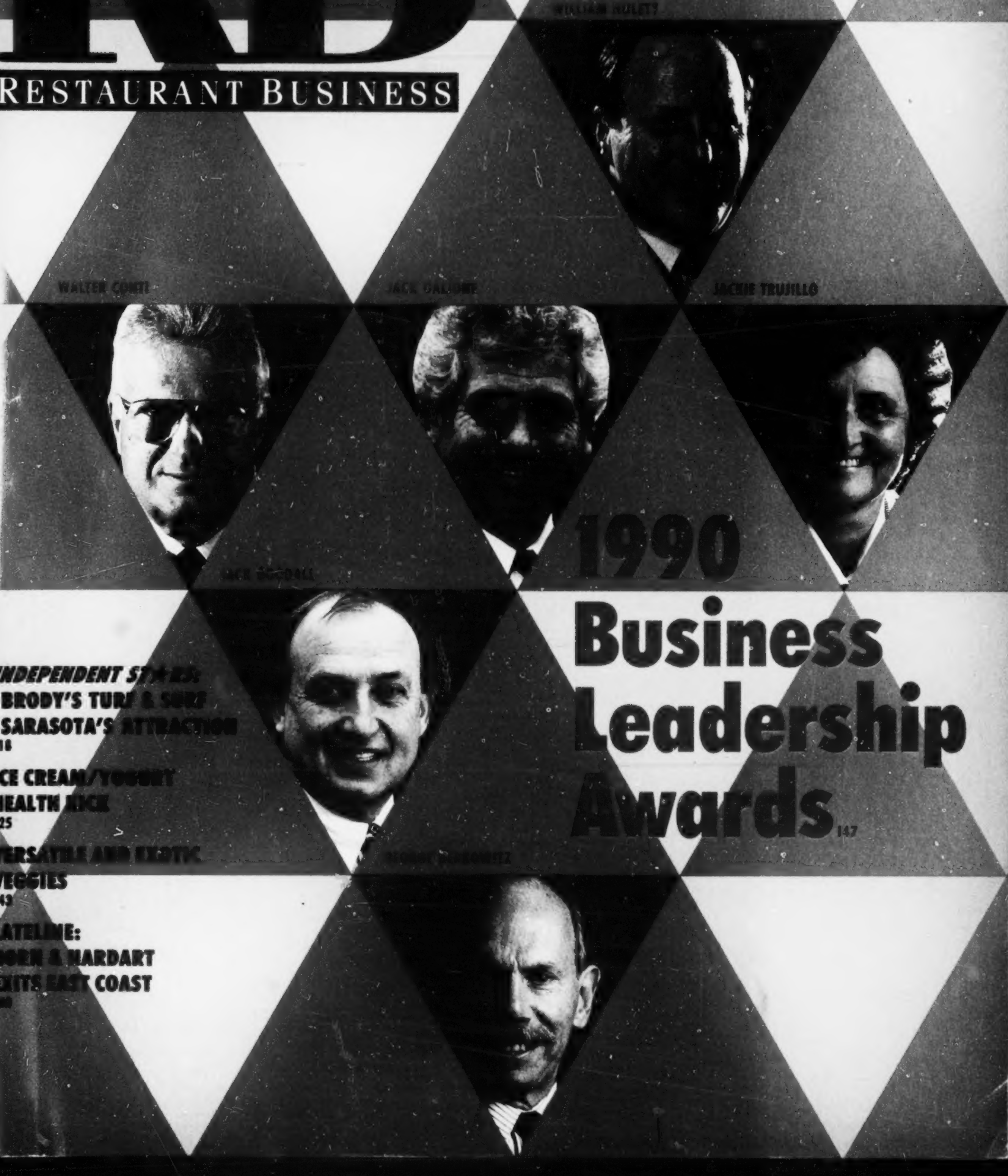
RESTAURANT BUSINESS

MAY 1, 1990
A BILL PUBLICATION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LATELINE: HORN & HARDART EXITS EAST COAST
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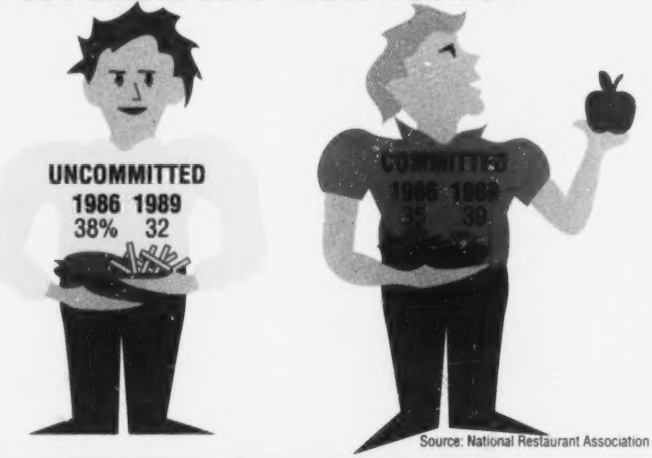
THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER

Do Customers Care About Nutrition?



Source: National Restaurant Association

An NRA study shows that the percentage of customers who select nutritious items when ordering in restaurants is on the rise. Respondents were asked a series of questions designed to reveal whether they are "committed" or "unconcerned" about good nutrition when dining out; a third group, the "vacillators," formed 29% and 27%, respectively, of the survey population in 1986 and 1989.

Sandwiches Gain in Popularity

(Number of total sandwiches on 50 sample menus)

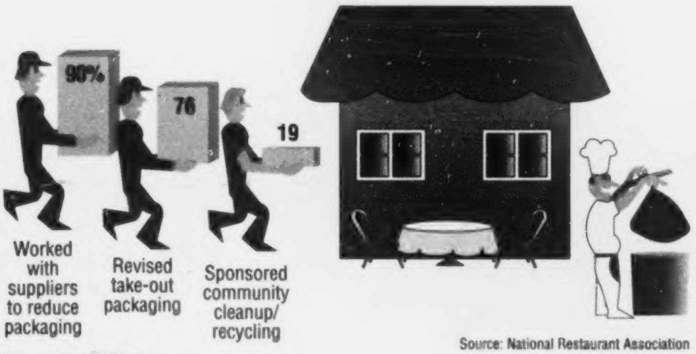
	1984	1989	% increase
Hamburgers/ cheeseburgers	112	141	+ 26
Other beef	56	114	+104
Chicken	13	37	+185
Club	10	25	+150
Mixed meats & cheese	8	21	+163
Eggs	13	2	- 80

Source: National Restaurant Association

Sandwiches are popping up on more menus, according to a recent NRA survey, which compared the contents of 50 menus, dating from 1984 with the contents of 50 1989 menus. There were 513 sandwiches listed on the 1989 menus, a 55% increase over the 330 listed in 1984. While chicken sandwiches have grown in popularity, so have hamburgers and other beef sandwiches.

Restaurants Reducing Waste

(% of respondents who have done the following)



Source: National Restaurant Association

Charts by Peter K. Niceberg

Faced with increases in both solid waste disposal legislation and the cost of trash collection, restaurant operators have been forced to take steps to reduce the amount of waste they generate. Over the 12-month period ended September 1989, 57% of those operators of chains with 350 or more said they had experienced increases in solid waste collection or disposal costs.

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Cover art by Thom Lepley

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COVER STORY **DOWNSCALING OF FINE DINING** The demand for more moderate prices and more informal dining is sweeping the country, and operators are responding to a very clear imperative in a number of ways: They are lowering prices; they are opening cafes next to their upscale restaurants; and they are introducing daily specials, fixed-price menus, and lower-priced selections. Restaurateurs are doing what they can to boost business in a slow market.

MARKET REPORT **PIZZA.** The segment's most dramatic growth has been spurred by the increase in the delivery market. A case in point is segment-leader Pizza Hut; its expansion strategy is now based primarily on an array of new carry-out/delivery-only formats, rather than on its traditional full-service restaurants.

MENU IDEAS **BEEF.** This menu category poses all kinds of possibilities for capitalizing on the craze for ethnic foods. Featured dishes include Hungarian goulash soup, Mongolian hot pot, grilled short ribs, brisket with the fixin's, and braised and grilled veal breast.

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Roadside Ads Gaining Steam

Sure, outdoor advertising is an efficient way to reach customers who make snap dining decisions in their cars. But if you think of billboards as the dull, ugly "turn left ahead" signs of yesteryear, think again. Today's most effective outdoor advertising uses less conventional creative devices to make its point.

Chevy's, an 18-unit San Francisco-based chain of Mexican restaurants, recently hyped its "Fresh Mex" scratch-made food approach by portraying a can of refried beans with the international negation sign scrawled over it.

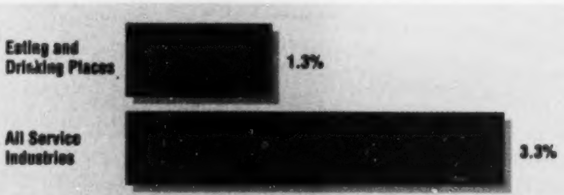
"We find that the simpler the message, the better," says Chevy's marketing director Laura Humm. "We're very happy with outdoor."

Others seem just as happy. The Marie Callender's family restaurant chain, based in Orange, CA, set up billboards in 17 markets featuring menu item puns such as "Love & Quiches" and "Que Pasta," helping to achieve 30 consecutive weeks of sales increases over the previous year (also see page 186).

The largest user of nontraditional outdoor advertising, however, is none other than McDonald's. "Outdoor ads enable me to plant the idea of coming into McDonald's long before the customer gets to that row of restaurants," says Conrad Roberts, regional marketing manager for McDonald's Corp.

The secret is apparently out. Total outdoor ad spending in 1988 grew 27% to $36 million, from $28 million in 1986.

EDP EMPLOYMENT SLUGGISH



1989 vs. 1988 Employment Growth

Employment at Eating and Drinking Places (EDPs) rose only 1.3% in 1989. Average monthly employment at EDPs was 6.4 million in 1989, as compared with 6.3 million in 1988, according to the U.S. Department of Labor. This sluggish growth is a result of weak industrywide real sales growth, pegged at less than 1% by the U.S. Department of Commerce. Employment for all service industries grew 3.3% in 1989, for an average monthly employment of 83.1 million.

SOURCE: U.S. Department of Commerce.

Country Kitchen Travels Far East

Carlson Cos. is targeting Asia for the first overseas expansion of its typically American restaurant chain, Country Kitchen. The Minneapolis-based company recently inked a deal for the development of up to 200 Country Kitchens in Japan.

The agreement between Carlson and C.K. Japan calls for the first five Country Kitchen restaurants to be developed by the end of 1991. Plans call for 80 restaurants in Tokyo, 50 in Osaka, 50 in Kyushu, and 20 in Tohoku and Hokkaido.

The family restaurant chain, which operates 252 units in the U.S. and Canada, will travel to the Far East with its concept intact, says Juergen Bartels, president of Carlson Hospitality Group.

"There will be no concessions to the concept internationally; this will be pure Americana," he says. The pricing, however, will more than double, from an average check of $4.20 in the U.S. to about $10 in Japan.

Additionally, Carlson has signed an agreement for another 40 restaurants to open in Canada. The company projects a total of 315 North American Country Kitchen outlets by 1992.

Country Hospitality Inns, the company's limited-service economy lodging chain, is also slated for growth. Plans call for it to triple from its current 14 sites, with 12 more Inns in the U.S. and 16 start-ups in Canada—its first international units. Many will share sites with Country Kitchen.

Insights cont. on p. 50

Going, Going, Gone

They say a good man is hard to find, but would your female customers pay for a date with one?

They would, especially if the proceeds were going to the Muscular Dystrophy Association. At least that's what the bartenders at McGuffey's Hendersonville and Asheville, NC, restaurants thought when they came up with the idea of the First Annual Bachelor Auction as a fundraiser for the cause. The auction took place at the Hendersonville and Asheville units, on February 28 and March 14, respectively.

Some 200 women arrived ready to put hard cash on the line for a date with one of the 20 eligible young men who took part in the two auctions. "We raised $1,600 between both restaurants," says McGuffey's public relations director Sandra Eastridge. "The auction was a real business builder," she adds.

The gents were brought out all together, then ushered out one by one by a female escort. "A young man named Todd brought in the highest bid—$165," says Eastridge. "He seemed to have a following. He's a very handsome gentleman," she notes. But in the spirit of equality, a female escort was auctioned off at the end of the night. "She brought in $225," says Eastridge.

–Diane Kochilas

ILLUSTRATION BY NURIT KARLIN

Chart House Is Historic

It's official. The Fort Lauderdale Chart House has been given historic certification for the two homes it occupies in the riverfront district.

"Now we feel genuinely a part of the entire Fort Lauderdale historic movement and the Riverwalk Project," says manager Mike Miller.

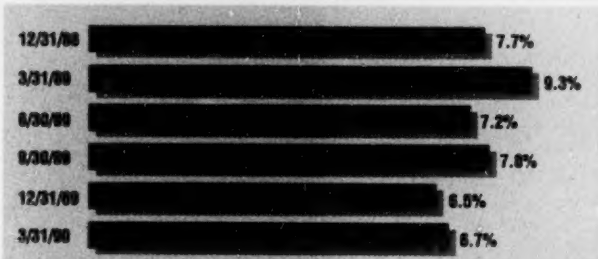
The Chart House looks like one building, but it is actually two separate turn-of-the-century homes—the Reed and Bryan Homes. Both homes still retain their original foundation, framing and block construction.

Reflections on a Labor Crisis

With the labor crisis worsening, Jim Sullivan, president of Denver-based Pencom Inc., a restaurant training and consulting company, has come out with a list of "creative alternatives for the process of hiring, retaining, and finding quality restaurant employees."

- Give your business card to employees you meet in other restaurants that give you exemplary service.
- Offer a "bounty" to other employees for referrals of family or friends who become good employees (and stay with you for at least 90 days).
- Design an action or employment contract for new employees detailing the expected behaviour and levels of advancement they must attain for raises and promotions. Have them sign it and review it periodically with their manager.
- Put ads in local senior citizen newsletters or activity bulletin boards.
- Advertise in local high school or college newspapers, or athletic game programs.
- Contact local colleges with hospitality programs, co-op education offices, or job placement offices and put up a flyer.
- Start thinking of, and treating, your applicants and employees as customers. Do you keep them waiting? Would you treat your guests like that?
- Encourage part-time workers. Don't confuse part-time employment with part-time commitment.

FAST–FOOD RETAIL SALES GAIN



According to the U.S. Department of Commerce, retail sales for fast food rose to $16.6 billion in the fourth quarter of 1989, a 6.5% increase over the year–ago period (but lagging the 7%–plus rate enjoyed in the 1988 fourth quarter, due to poor weather). For 1989 overall, fast–food sales rose a healthy 7.6%, to $65.5 billion (subject to revisions in April 1990). Technomic forecasts a slight improvement in fast–food sales for the first quarter of 1990, to $6.7%, thanks to the relatively mild winter.

SOURCE: U.S. Department of Commerce; TECHNOMIC INC.

Grandy's $3 Million Texas Makeover

Lewisville, TX-based Grandy's has spent about $3 million sprucing up its 42 company-owned stores in the Dallas-Fort Worth area. The units, most of them built in the 1970s and early 1980s, now feature a green and paprika color scheme.

"These stores are located in our flagship market, so they are the oldest," says marketing director Mary Neal, explaining why the remodeling was necessary.

To give the exteriors a more contemporary look, window awnings and under-the-roof trim have been added. New signage has been installed as well. Grandy's has 107 company-owned and 88 franchised stores.

Insights cont. on p. 54

Off and Running

Food fanciers of the world, unite! The U.S. Chefs Open, set to open on May 5 and 6 at the Georgia World Conference Center in Atlanta, will be a haven for food lovers of every persuasion.

The Atlanta event will feature cooking demonstrations, restaurant samplings, recipe contests in 20 food categories—for professional and amateur chefs as well as for Georgia high school home-economics students—seminars, exhibits, music, and other entertainment.

ILLUSTRATION BY NURIT KARLIN

The program has been supported by an intense promotional campaign that began eight weeks in advance of the event. The promotional effort included radio, TV, and newspaper publicity, as well as in-store demonstrations and product promotions at some of the sponsoring grocery store chains like A & P, Big Star, and Kroger.

"We planned to make the U.S. Chefs Open a national cooking contest," says president Dan Baitcher, "but we've evolved into being an international food festival instead."

Some 70,000 food lovers are expected to take part in the Atlanta exhibition, says Baitcher, which is expected to expand to other cities. "Within three years we hope to be running Chefs Opens in 40 U.S. cities."

–Diane Kochilas

Great American Goes South

Marion, OH-based Great American Restaurants Inc. (GAR) has moved into the Southeast with the acquisition of 23 Denny's in Alabama, Georgia, Louisiana, and Tennessee. GAR is now Denny's largest franchisee, with 34 units. The company also owns 40 Ike's and Buttered Beans restaurants in four Midwestern states. At least 30 of these will be converted to Denny's by 1993, says Carole Ann McNamara, Great American's v.p. of administration.

Treacher's New Owner

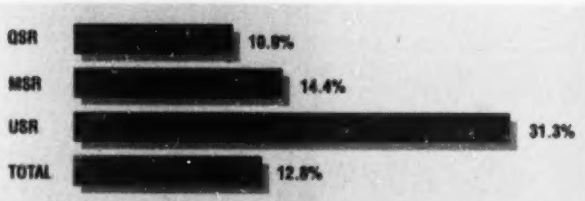
Arthur Treacher's Inc., the Youngstown, OH-based operator of the 94-unit Arthur Treacher's Fish & Chips chain, is in the process of transferring a majority ownership to its largest franchisee, Bloomsburg, PA-based M.I.E. Hospitality Inc.

At press time, details were pending. The transaction will, however, leave M.I.E. with 51% of Treacher's stock, according to Treacher's president James R. Cataland.

The chain has not shown a profit since 1984, when its net earnings were $180,000. Last year, the company lost $195,000 on sales of $36 million, says Cataland. The year before, it lost $272,000. For fiscal 1990, ending June 30, Cataland projects that the company will break even.

"If the deal goes through, we may concentrate a little more on franchise development, and on increasing the number of restaurants at a faster rate," says Cataland. The new units will be located in malls, he adds, where sales volumes average between $400,000 and $600,000.

PUBLIC COMPANY PERFORMANCE



Percent Growth in Net Income 4th Quarter–1939

Net income jumped by 12.8% for the 80 companies tracked by Technomic – good, considering revenue increased just 10.8%. Spurred by McDonald's (up 12.9%), net income for all QSR chains rose 10.9%. PepsiCo did not fare as well: KFC's net dropped 25.9%, while Taco Bell's fell 5.9%. Pizza Hut's net rose 2.1% on 18.8% revenue increases. Midscale highlights included Cracker Barrel (up 45.4%), Shoney's (39.2%), and Vicorp (74.7%), driving net income for the category up 14.4%.

SOURCE: TECHNOMIC INC., Company Quarterly Reports.

Tropica Opens

Restaurant Associates (RA) has opened the Tropica Bar & Seafood House at a site that for years housed the company's Charlie Brown's concept—the concourse level of Manhattan's Pan Am Building. Modeled after an island plantation owner's home, and specializing in fresh seafood, Tropica has two different menus, one for the cafe and another for the dining room. New York-based RA was recently acquired by Kyotaru Co. Ltd., Tokyo.

Rhymes and Readings

Poet Mark Smith has revitalized Chicagoans' interest in poetry. But he doesn't hold poetry readings on college campuses or libraries, as one might expect. Instead, he has introduced poetry readings to the city's coffee shops, cafes, and jazz clubs with "Poetry Slam," a poetry extravaganza showcasing poems with off-beat interpretations.

For instance, customers may hear a dramatic reading while a tap dancer performs in the background. "I encourage poets to be as creative as possible. Some sing their poems, use video screens, wear costumes, or feature dancers," Smith explains.

The three-fold event begins with an "open mike" set, followed by the performance set, and then ends with the "slam" portion, pitting poets against each other.

Since Smith created Poetry Slam in 1986, it has caught on in many of Chicagoland's night clubs and eateries. The jazz club, the Green Mill, holds the event every Sunday evening. It's also popular in such spots as the health-food restaurant, Heartland Cafe, and coffee shops located around the city.

"I wanted to take poetry out of the ivory tower and present it to the public in an entertaining way," Smith says.

"I agree with Carl Sandburg's philosophy that poetry speaks the passions of all people. And, since most people hang out in restaurants and night clubs, they're good places to revitalize the interest in poetry."

Poetry Slam has spun off similar events in Chicago, and across the country. It has spread to eateries and night clubs in Milwaukee, Nashville, and New York City.–**Lori Barker**

ILLUSTRATION BY NURIT KARLIN

ICE CREAM & YOGURT

MARKET SEGMENT REPORT

Customers are seeking hedonistic gratification.

by Nancy Cohen

The search for guilt-free indulgences is driving the frozen dessert market. Frozen yogurt, and especially lowered fat products, are the fastest growing part of the $2.034 billion segment. Across the board, traditional ice cream chains are adding yogurt. And even yogurt is no longer the nutritional pinnacle of frozen desserts; both ice cream and frozen yogurt chains are developing products with lower fat, sugar, and calorie contents.

"Frozen yogurt is where we'll be seeing our growth," says Carvel Corp.'s Savio Tung—and executives at most segment chains echo the sentiment.

HEDONISM. But while consumers may have heightened awareness about nutritional contents, they are also seeking hedonistic gratification. Flavors like Praline Dream, Amaretto Cheesecake, and Chocolate Caramel Nut are hardly Spartan. And paradoxically, many consumers seem to rationalize that if they are saving on fat and calories with a nonfat frozen yogurt, they can splurge on whipped cream, fudge toppings, or candy mix-ins.

"The trend in the U.S. is toward a concern with fat and cholesterol, but people are not willing to sacrifice taste for it," says Steve's Ice Cream vice president David Smith. "We've come along and said they don't have to. Though our Gourmet Light products aren't for people on diets, they are for people who want to eat lighter. In order for a product to be successful now, it must offer those benefits plus taste."

MATURATION. With all the heated competition, not only between ice cream and frozen yogurt retailers, but from supermarkets and convenience stores as well, the frozen dessert segment is beginning to demonstrate classic symptoms of maturation: slowed unit growth and expansion into nontraditional sites, product diversification, and mergers and acquisitions.

"We've had a tough time adding sites because we're seeing real saturation," says William Hawfield, president of the 125-unit Penguin's Place. "The shakeout is finally hitting our California markets, though mom-and-pops are feeling it before the chains. For every one of our stores, I think there are fewer competing yogurt stores than there were one year ago. Our strategy is to win the share from those who've fallen out of the market."

Yogurt chains in particular may face stiff competition as the more established, more widespread ice cream chains step into what was once their exclusive province. "In a very short time, we can put yogurt into more outlets than TCBY even has in total," says Mike Sullivan, president of the 5,206-

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The leader in the frozen-yogurt subsegment is TCBY.

The search for guilt-free indulgences is driving the frozen-dessert market.

unit International Dairy Queen.

"Companies the size of Baskin-Robbins can cover all the segments, while a yogurt-only store may have more trouble," says Marilyn Novak, director of marketing services for Baskin-Robbins. "Frozen yogurt has brought customers back."

According to the New York City-based research group Find/SVP, the number of foodservice operations offering machine-dispensed frozen yogurt grew at a compound annual growth rate of 53.3% between 1985 and 1989, from 250 units to 4,676—and that is expected to nearly double to 8,625 by 1993.

In fact, the addition of yogurt to the product mix may have been an issue of survival for the ice cream retailers. Ice cream sales were fairly flat in 1989, but the category overall "was growing by leaps and bounds," says Millie Lemajich of RE-COUNT, the Evanston, IL-based consulting group.

The number of retail units in the ice cream category actually declined somewhat: from 21,805 in 1988 to 21,496 in 1989, according to Lemajich. Although the number of yogurt purveyors remains dwarfed by the ice cream market, the segment grew by more than 25% last year, from 1,923 to 2,564 units.

VARIETY. Baskin-Robbins, Glendale, CA, was among the first chains to leverage its reputation for ice cream into a variety of frozen desserts. With its store count staying fairly constant at 3,351 (2,354 domestically), product expansion, rather than unit expansion, has been the focus of its energies.

"We're telling a selection story now," says Novak. "The whole frozen dessert market is very, very fragmented. To appeal to each segment, we must have a number of products. They may overlap, but that's fine. We are now back to being a place the whole family can come to, where everyone will find something they like."

The diversification began with the introduction of low-fat frozen yogurt in 1987, followed by sundae bars, new special flavors, nonfat yogurt, and soft-serve sorbets in 1988. Last year's major introduction was the "low, lite 'n luscious" frozen dessert (97% fat-free, and sweetened with aspartame).

This year, Baskin-Robbins is introducing another calorie-conscious dipped product, Baskin-Robbins Light, a 93% fat-free, all-natural dessert, with 110 to 130 calories per serving. It will be available in four flavors: Strawberry Royale, Praline Dream, Espresso and Cream, and Chocolate Caramel Nut. With Light taking the lead position for weight- and cholesterol-watching markets, the chain will reposition its "low, lite, 'n luscious" as "sugar-free," a product for diabetics, says Novak.

Although Baskin-Robbins' focus is trained on lighter products, its 620-flavor selection ranges up to International Creams, its superpremium product. A new ad agency will underscore the message with its campaign, "Now there's more to love us for."

Another avenue for growth in the coming year will be an increased emphasis on take-home sales, Novak says. More products in a greater variety will be available in-store; upright refrigerator cases will be available by summertime. "Part of the fun of going to Baskin-Robbins is looking into the dipping cabinets at all the flavors, but today, people don't have the time to wait for a favorite flavor to be packed into a pint," Novak says. All-new packaging will draw additional attention to the line.

The other major ice cream players

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Zack's Famous Frozen Yogurt is eyeing international markets for growth.

are adding health-conscious products. Tastee Freez International, Utica, MI, is planning a complete frozen yogurt program, which it will add to its signature soft-serve ice cream line.

"With a nonfat yogurt product that has roughly the same calorie content as the soft-serve, we can get out the message on soft-serve at the same time that we get into yogurt," says Chris Raab, director of marketing. "We want to minimize the differences between the products, other than the fat content."

The opportunity for Tastee Freez is to offer its customers their first taste of frozen yogurt. "Many of our locations are way out in the country, where many people have never tried frozen yogurt before," Raab says. The chain is concentrated in the Southeast and Mid-South, as well as parts of the Midwest.

Tastee Freez also carries a gourmet ice cream, a hand-dipped, 12% butterfat product, which is made in-store. "You've got to have a gourmet ice cream to drive the average ticket higher," Raab says.

About 40% of the chain's sales derive from dairy, and 60% from food. It offers a complete sandwich and burger line, and plans to introduce cheddar fries later this year.

MARRIED CONCEPTS. The 40-year-old chain has whittled back its units, from 404 at the end of 1988 to 368 at the end of 1989. Thirty more are slated to open this year.

The chain has looked to new kinds of sites for growth; in addition to its freestanding, full-menu, fast-service Heritage concept (which accounts for about 122 units now), it is pursuing "marriage concepts."

Frozen yogurt is the fastest-growing part of the market.

Through an agreement with Love's Country Stores, Tastee Freez is franchising Tastee Freez sections within the convenience-store chain. Two more units are due to open this spring.

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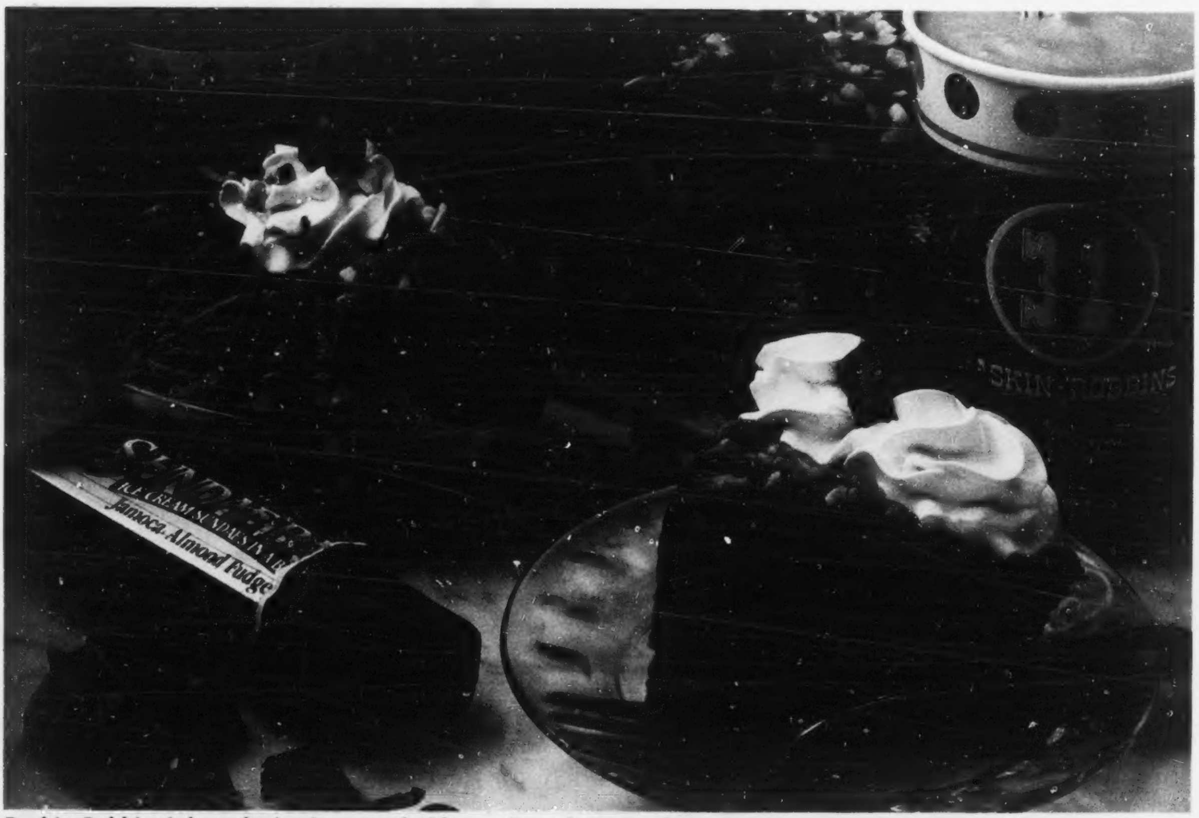
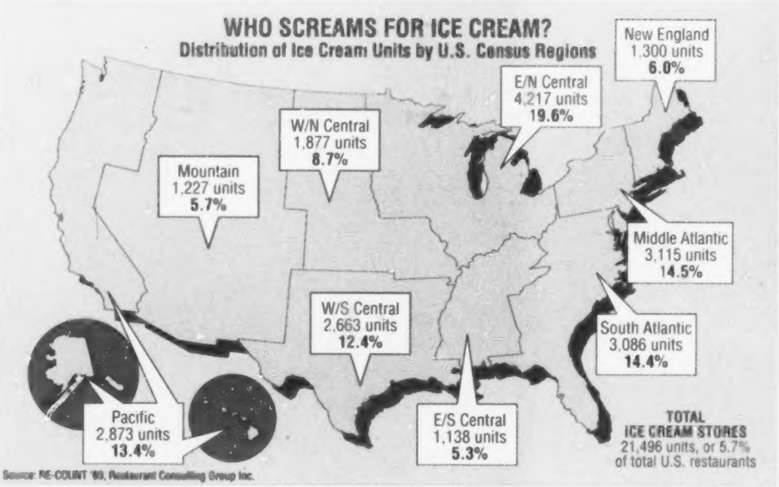


Baskin-Robbins is broadening its appeal with a variety of new products.



WHO SCREAMS FOR ICE CREAM?

Distribution of Ice Cream Units by U.S. Census Regions

Source: RE-COUNT '90, Restaurant Consulting Group Inc.

Chart by Peter K. Niceberg

"The name 'Tastee Freez' conveys 'cold,'" says Raab. "If we remove burgers from the formula, we should be able to franchise successfully as an ice cream shop."

International Dairy Queen (IDQ), which is celebrating its 50th birthday this year, is keeping up with the times by extending its soft-serve ice cream line into frozen yogurt. The Minneapolis-based chain far outpaces the industry with its 5,206 units (4,627 domestically) and $2.2 billion in systemwide sales in fiscal 1989.

IDQ's new yogurt product is tightly focused to fit into its format: a nonfat, cholesterol-free, vanilla-based product for any of 15 mix-ins. The yogurt "Breeze" will be the equivalent of IDQ's "Blizzard" ice cream mix-in product. It will be offered in cones, cups, and novelties, and be rolled out to 2,000 units by summer.

"Yogurt is complementary to our other treats," says IDQ president Mike Sullivan. "Our obvious advantage is that it's in the soft-serve family, which we know how to do successfully."

Another new product, which will be promoted systemwide this summer as part of Dairy Queen's birthday celebration, is a waffle cone sundae.

Ice cream sales have been fairly flat, Sullivan admits, but IDQ banks on its diverse menu as insurance of steady sales. About 80% of IDQ stores have a food menu, which is faring better than the industry as a whole, Sullivan says. A number of new food items are scheduled for introduction later this year, in response to consumers' growing interest in nutritious foods.

"With all the competition, the high rents, and the problems with seasonality, a one-product concept is vulnerable," Sullivan says. "We'll see a real fall-out on the yogurt chain side."

For precisely that reason, the company intends to expand into metropolitan market malls with its Treat Centers, a triple concept of Dairy Queen, Orange Julius, and Karmel Korn shops; 53 are up and running now.

Other new formats for expansion spring from Dairy Queen's foothold in rural markets; a deal with Amoco Corp. is bringing the chain to truck stops and service stations.

Yogurt has proven so irresistible that the ice cream chains are adding it to menus.

Carvel Corp., Yonkers, NY, is in for a major overhaul, under a new parent and new chief executive. The company, which had been operated by Tom Carvel since he founded it in 1934, was acquired for $80 million last November by Investcorp, a New York City-based investment bank. At press time, Steven Fellingham, most recently president of Kentucky Fried Chicken USA, was named chairman and CEO.

Modernization of facilities and of the Carvel image, upgraded service, and improved franchise relations are key goals for the new management, says Savio Tung, who is an Investcorp partner, and until Fellingham's appointment, was acting president of the ice cream chain.

"We need to be more current and more responsive to consumer trends, with downsized cakes, for example, or special-occasion cakes relating to football or baseball," Tung says. "And though our product is just as good as it's always been, we have to clean up the few dirty, aging units we have, and make the stores and packaging more appealing."

NEW IMAGE. A new ad agency and a $6 million campaign will trumpet the new image. Carvel also plans aggressive expansion to twice its current size within two years. "There are ideal pockets in the Northeast still to fill in, and we haven't been aggressive enough in the Southeast, which has a longer selling season," says Tung.

Another route for growth is the rollout of frozen yogurt, which is currently offered in fewer than 100 locations. "Frozen yogurt also should increase our selling seasons, because people buy it as a lunch substitute, even in winter," Tung says. "We can put it right into 700 locations at nominal cost."

Similarly, Friendly Ice Cream Corp.,

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Wilbraham, MA, is seeking ways to revitalize its image—and frozen yogurt is playing a key role in its new program, says Jim Velis, director of public affairs.

"We see a natural fit between ice cream and frozen yogurt, and the toppings bar that we can use for both," he says. "Friendly has such a strong name in frozen desserts that anything in the category that we put our name on should do well. We are rolling yogurt out as quickly as we can."

Friendly offers two of its own yogurt products: a hard-pack yogurt in four flavors, which is available in-store or prepacked in half-gallons, and a soft-serve yogurt.

The 825-unit chain has announced that it intends to sell roughly 100 of its underperforming locations, primarily to raise capital to reinvest in the remaining stores. The revitalization program will upgrade the interiors with vibrant colors, improved lighting, and more use of brass and light wood.

The firm also has entered the wholesale ice cream business for the first time in its 55-year history, and is selling its frozen dessert line to supermarkets.

Steve's Ice Cream, the Lindenhurst, NY, firm that pioneered superpremium ice cream and mix-ins, has taken a distinctly different route to entering new product categories. Rather than offer new products under its own well-respected label, Steve's has moved into new areas of frozen desserts via the acquisition of complementary chains, each with a distinct product and brand.

"We didn't want to dilute our own brand identity," says Smith. "People don't think of Steve's when they think 'yogurt.' It weakens the name to extend it to such varied products."

So, two years ago, the 100-unit chain acquired the 300-unit Swensen's Ice Cream Parlors, known for an all-natural premium product. Last year, the company added the 100-unit Heidi's Frogen Yozurt Shoppes to the mix. (Now the concept is known, more simply, as Heidi's Frozen Yogurt.)

New products have lower fat, sugar, and calorie contents.

"We're offering existing franchisees the opportunity to retrofit the other trademarks into their stores," says Smith. "Adding additional trademarks is absolutely increasing the revenue stream." Combined 1989 sales total $30 million.

The firm has no fear of cannibalization. "Some people will always want ice cream, some, yogurt. And with the current rents in city centers, no single concept can survive," he adds.

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BRESLER'S
ice cream & yogurt
BRESLER'S

Bresler's offers premium ice cream, gourmet yogurt, and nonfat Lite yogurt.

DESSERT COURTS. The thrust of the company's franchising efforts will be multiconcept dessert courts, Smith says. Steve's launched the franchise opportunity in January: three concepts for the price and space of one. Franchisees may combine either a Steve's or Swensen's unit with a Heidi's and, through a new licensing agreement, a David's Cookies section for $25,000.

As little as 800 sq. ft. will fit three modular units. Each section will hold a full product assortment, and have an individual look, down to the uniforms and paper goods, to preserve the brand identity. The chain expects to open 100 such concepts this year.

While Heidi's offers six flavors of its gourmet frozen yogurt and four flavors of light nonfat frozen yogurt, Steve's is by no means handing the lighter product sales over to Heidi's. Last year, the company introduced 12 flavors of a light version of its superpremium product.

"We were the first to introduce gourmet light ice cream in pints, and the first to advertise it on TV, and now we dominate that category," Smith says.

Steve's Gourmet Light has 7% butterfat, and the same all-natural ingredients used in its superpremium line. "It offers the same flavor, smoothness, and mouth feel as the superpremium," Smith claims."We expect most of our growth to come from there." Line extensions will include new flavors, novelty products, and a 6-oz. cup for delis and c-stores.

LIGHTER. The trend toward lighter eating has been demonstrated vividly at Bresler's Ice Cream and Yogurt, based in Des Plaines, IL. Frozen yogurt, which the chain introduced in July 1988, now accounts for more than 30% of sales. With the addition of Lite yogurt, sweetened with aspartame, Bresler's president David Lasky believes the yogurt category will capture about 50% of the chain's sales.

In the year since it was acquired by a group led by Lasky, Bresler's has also expanded its superpremium Royale Cremes to eight flavors, and has begun a program to upgrade store decor. Sales have increased by 6%, to $44 million from 300 units.

Bresler's also offers its own premium ice cream in hundreds of flavors, 24 at a time, Bresler's gourmet yogurt in 22 flavors, and the nonfat Lite yogurt in six flavors. Lasky plans to introduce a Lite ice cream soon.

"This is very much a growing segment," he says. "Ice cream has always been here and always will be—and other than supermarkets, consumers go to a specialty store for it. But everyone has a yogurt machine, and there will be a shakeout in the industry."

Lasky is, however, confident that new products will continue to drive the business. "With the advent of fat substitutes, for example, we have a phenomenal opportunity," he says. "Imagine how a chocolate chip ice cream without fat would sell."

NO SLOWING DOWN. The chains that have staked their fortunes principally on frozen yogurt seem confident that their established brand names and expertise in the product will carry them through any looming shakeout.

Certainly, frozen-yogurt segment leader TCBY shows no sign of slowing down. Since going public in 1984 with 102 units, the Little Rock, AR-based chain has surged to a current 1,600 units, with another 400 slated to open this year. Sales likewise have bounded forward from 1984's $11.5 million to $303 million last year.

While the company remains committed to a frozen yogurt-only format, it has launched a number of line extensions recently: the Shiver, a mix-in product; TCBY nonfat, no-cholesterol frozen yogurt; and sugar-free frozen yogurt.

The original TCBY product is available in over 50 flavors. Recent flavor introductions include banana/macadamia nut, cappuccino, pistachio, and amaretto cheesecake. Meanwhile, the nonfat product grew from four to 13 flavors within six months of its launch.

Take-home has also become an important focus for TCBY. The firm introduced ready-to-go novelty products last year, including the Yog-a-Bar (yogurt on a stick, covered with chocolate) and the Kiddiewich (a yogurt-filled cookie sandwich).

Competition is also coming from c-stores.

New kinds of locations and formats offer additional routes for unit expansion. A franchise agreement with Marriott Corp. will take TCBY into airports, toll road plazas, parking lot kiosks, and sports arenas.

The company has also developed a double-drive-thru concept to bring scaled-down units to smaller markets. Pushcarts, manufactured by a TCBY manufacturing subsidiary, will be another expansion strategy, the company says. Both soft-serve and prepared treats such as the Yog-a-Bar will be available in the pushcart locations.

MOVING ABROAD. International expansion accelerated for TCBY in 1989, with 30 new stores in five countries joining the 15 already in operation abroad. The two newest international markets for TCBY are Singapore and Malaysia. Japan is the next target: The company announced a joint venture for expansion there in January.

Similarly, Everything Yogurt is branching into new kinds of sites for expansion. The 14-year-old chain is breaking from its traditional mall locations and going into strip centers, with a format that includes seating. Colleges and hospitals are another target.

Everything Yogurt distinguishes itself from TCBY both by offering a dual concept with sister store Bananas Frosty Fruit Shakes, and by focusing solely on healthful items.

"Over the long term, the diversified concept is better," says Richard Nicotra, president."All one-concept chains, whether cookies, cinnamon rolls, or whatever, eventually find that they need to add variety to the line."

Everything Yogurt's adherence to healthful offerings is evident in its nine free, all-natural toppings. They include strawberries, granola, and carob chips."We just don't believe in putting hot fudge or whipped cream on yogurt," Nicotra says. "It's a complete contradiction. That's one thing we market: Health is everything."

Apparently, the company's customers think so, too. More and more of the business derives from Everything Yogurt's nonfat product, now available in 22 flavors (including White Russian, cheesecake, and pistachio). The regular product contains only 2% fat, and comes in 29 flavors.

Another successful product shift was the switch last November from a branded, supplied yogurt to a proprietary product, Nicotra says. "The supplier has done a wonderful job establishing its brand, but now it's in every deli and dry cleaner. The change gave us our own identity, and saved franchisees 20%."

Everything Yogurt also offers a broad selection of food, including salads and entrees. The newest additions are yogurt muffins and low-cholesterol, low-calorie quiche.

This segment is maturing fast and facing saturation.

The chain stretches down the eastern corrider, from Boston to Florida, with a current 251 units. Another 47 are under construction, and Nicotra expects 346 to be operating by year's end. Sales jumped 30% to $40 million in fiscal 1989.

Penguin's Place, Thousand Oaks,

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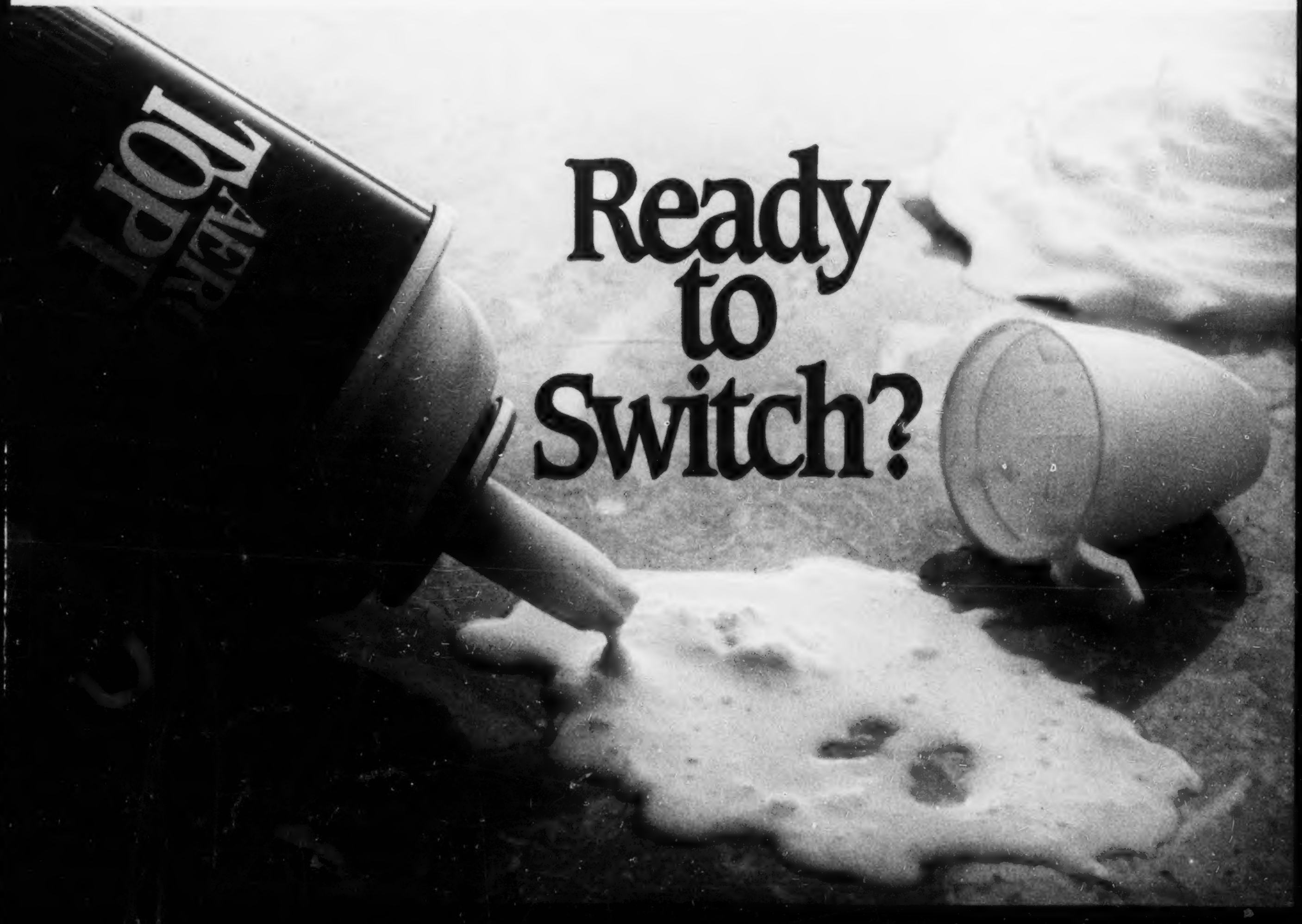

CA, has been running in place over the last year; both sales and units remain at their year-ago levels of $35 million and 125 stores. The chain sees staying power in its foothold in the California market, and is eyeing the potential of picking up shares from weaker chains and independents as the market shakes out.

But Penguin's Place is not merely waiting for competition to disappear. In the last year, new product introductions included a line of six kinds of gourmet brownies, coffee and cappuccino, a fruit salad lunch plate, and smoothies.

In August of 1988, the then-four-year-old firm was acquired by the Paris-based Bon Grain, owner of the French chain Maison de Chocolat and the American C'est Si Bon.

CASH FLOW. "We were the classic small company that grew rapidly and needed cash," Hawfield says. "It's been a very good and supportive marriage." One fruit of the association was the company's switch to an exclusive yogurt formulation. Altogether, the chain offers 35 flavors, more than half of which are nonfat.

Hawfield is confident that, with the support of its new parent, Penguin's Place can maintain its leadership position in California, and in time become the dominant yogurt chain in the Western States. "We got ahead of the wave when we entered the market in 1984," he says. "Being first gave us some very good locations, a strong position in the market, and lots of visibility. Our brand recognition is two to three times that of our competitors."

While Penguin's Place is digging into its existing markets, Zack's Famous Frozen Yogurt, Metairie, LA, is eyeing international markets for growth. Currently, Zack's operates 140 units domestically, 40 in Canada, five in Taiwan, and eight in Japan, with sales in excess of $20 million, according to Steven Watts, president.

By June, Watts expects to have opened the Bahamas and Hong Kong markets. Korea, Singapore, and Thailand are also scheduled for Zack's stores this year. "The westernized

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Asian market for ice cream is growing rapidly, and yogurt is following suit," Watts says. "The only difference for us has been with flavors. Asians prefer the fruit and less sweet flavorings."

FLURRY. Zack's offers a selection of 28 flavors, and has tested soups, salads, and pies. Sytemwide, however, only banana-nut bread and Zack's own cookies are offered, as is a "flurry" mix-in product. Also in test is a harder yogurt mix-in that uses crushed fresh fruit and candy.

Like the other chains, Zack's has recently introduced a fat-free, sugar-free product. Sweetened with aspartame, it has 18 calories per ounce, compared to the regular yogurt's 32 calories. Introduced last September in five flavors, the light yogurt has already captured one-fifth of sales, and will expand into other flavors.

"We keep lowering the fat and sugar bit by bit, and each little bit has a big impact on the public," Watts says.

The number of yogurt purveyors grew by 25% last year, from 1,923 to 2,564 units.

MAGIC FORMULA? While the established players in the segment are beginning to talk about market saturation, new players keep coming up hopefully to the yogurt dispenser. One is Malibu Magic, the East Windsor, CT, start-up owned by Howard Baldwin, former owner of the Hartford Whalers hockey league. The entrepreneur is bringing a new twist to the formula, however.

"With Howard's background and contacts, it's a natural for us to pursue

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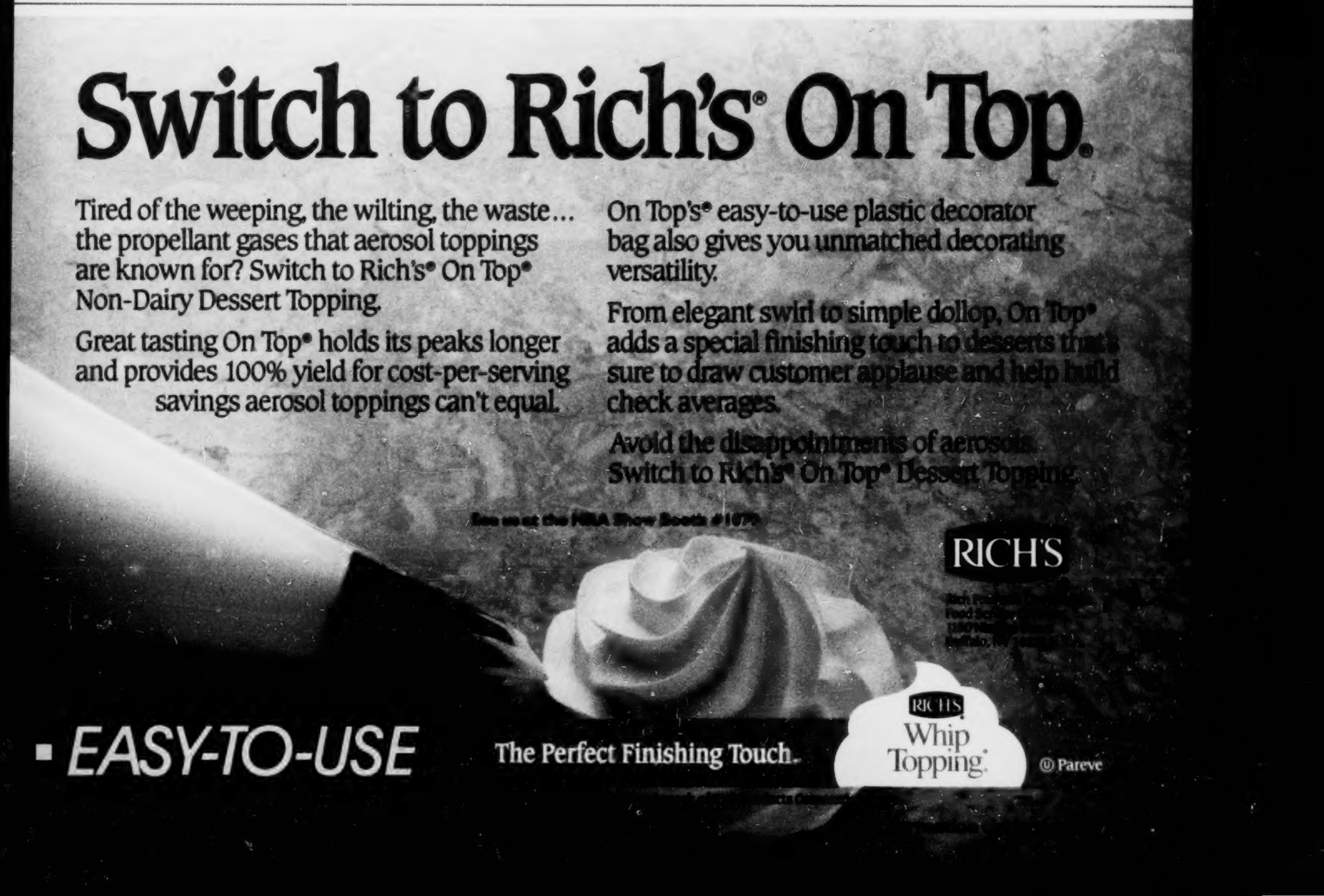

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The most popular new product is soft-serve with mix-ins.

agreements with large national concessions in stadiums," says Michael Seid, president. "In St. Louis' Busch Stadium and Cincinnati's Riverfront stadium—established ice cream markets—we outsold soft-serve ice cream."

Mass-gathering places, including concessions at airports, stadia, and cafeterias, are a linchpin of Malibu Magic's strategy. The plan is geared to creating mass exposure to the brand and the taste, more than to on-site sales. The firm also plans to introduce a hard-pack, nonfat product targeted to hospitals.

One Malibu Magic unit is now open in Bristol, CT. Another is in development in West Hartford, and four others are slated to open this spring.

Malibu Magic's single frozen yogurt is a nonfat product with active cultures that has at most 20 calories per ounce. The 42 flavors include amaretto, peanut butter, and boysenberry cheesecake.

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TCBY has 1,600 units, with another 400 slated to open this year.

CASUALTY. Despite the continued allure of the frozen desserts market, one casualty recently hit the ground: Twistee Treat, the North Fort Myers, FL-based soft-serve ice cream company.

Last July, the firm entered Chapter XI, with losses of $4 million that year alone, and of $14 million since its creation in 1983. Half the units were then closed, and virtually the entire headquarters staff was laid off.

According to Joe Fite, who stepped into the presidency last year, "the problems had nothing to do with the segment or the competition, but with the errors made." Those included too-rapid expansion, too top-heavy an administration, and too many company-run stores.

At its height, Twistee Treat operated 42 units. Many have been sold, in many cases to the store managers, Fite says. As for the company itself, which has obligations to its shareholders, it is merging with a Texas company in an unrelated business.

SHAKEOUT. Undoubtedly, Twistee Treat will not be the last firm to exit the frozen-dessert segment. Penguin's Place's Hawfield believes that the market is already halfway through a shakeout, and that while the business will grow, so will the challenges.

"There will be more yogurt machines in c-stores and airports. And in the short term, that will give more people the opportunity to try frozen yogurt. But then? There will be new challenges for the retailer to create an experience and atmosphere that will attract customers specifically to his destination."

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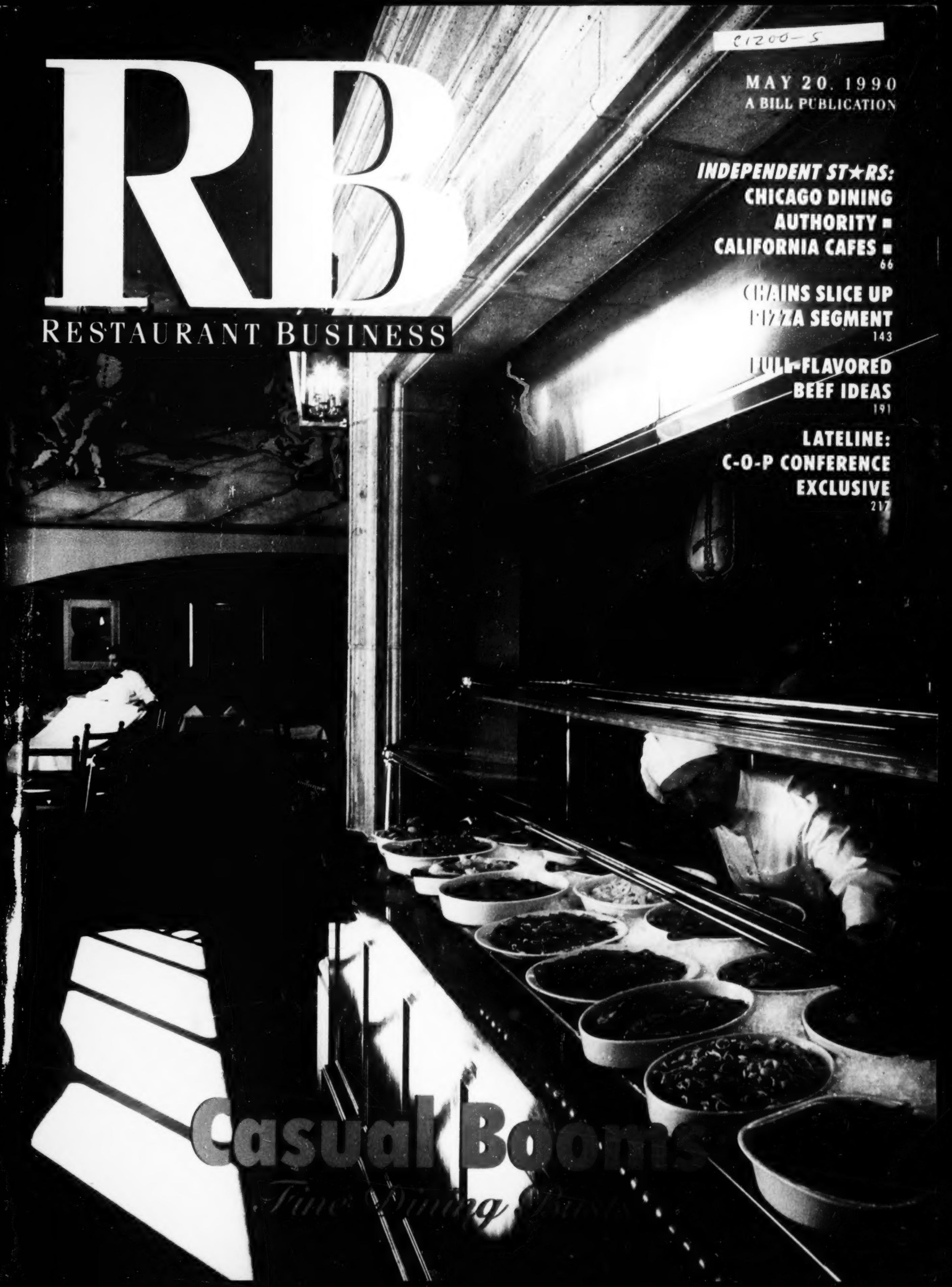
RB

RESTAURANT BUSINESS

MAY 20, 1990
A BILL PUBLICATION



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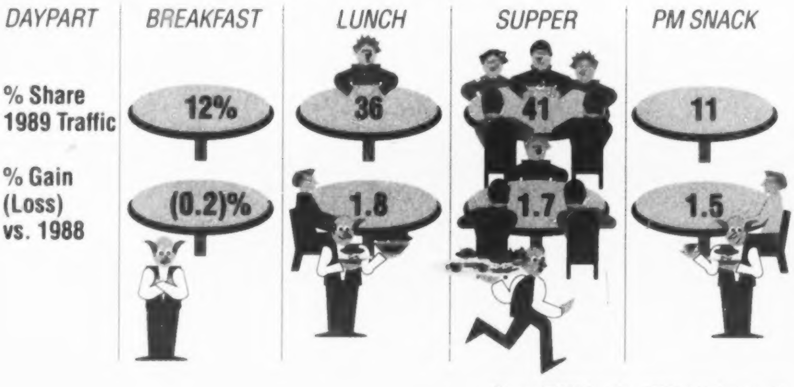
THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER

Supper Serves Up Most Traffic

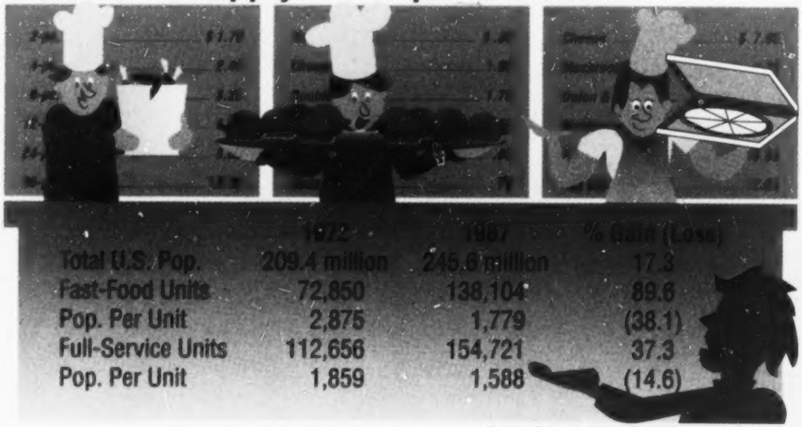


DAYPART	BREAKFAST	LUNCH	SUPPER	PM SNACK
% Share 1989 Traffic	12%	36	41	11
% Gain (Loss) vs. 1988	(0.2)%	1.8	1.7	1.5

Source: CREST, based on 1989 total industry traffic

Supper continues to serve up more customer traffic than any other daypart. In 1989, supper traffic grew a modest 1.1% in fast food while posting a robust gain of 2.8% in full service. Lunch produced the biggest traffic increase (up 2.4%) for fast-food restaurants, while breakfast served up the biggest traffic gain (up 3.1%) for full-service restaurants.

Restaurant Supply Outstrips Demand



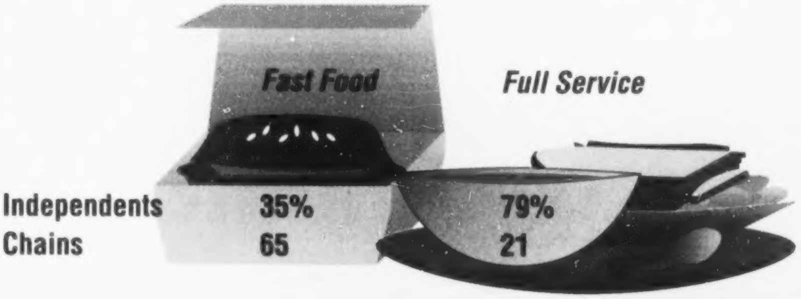
	1972	1987	% Gain (Loss)
Total U.S. Pop.	209.4 million	245.6 million	17.3
Fast-Food Units	72,850	138,104	89.6
Pop. Per Unit	2,875	1,779	(38.1)
Full-Service Units	112,656	154,721	37.3
Pop. Per Unit	1,859	1,588	(14.6)

Source: Census of Retail Trade, Restaurant Business

The explosive rate of fast-food restaurant expansion during the past two decades has led to the current battle of the chains for market share. Between 1972 and 1987, the growth of fast-food units doubled that of full-service units and grew to more than five times the growth rate of the U.S. population.

Independents Stake Out Full Service

(Share of 1989 Restaurant Traffic)



	Fast Food	Full Service
Independents	35%	79%
Chains	65	21

Source: CREST, NPD Research

Today's independent operators have staked out the full-service sector as their exclusive domain. The independents dominate market share in full service by a 79% margin; in contrast, chains control fast food by only a 65% margin. CREST also reports that 1989 was the first year that full service outpaced fast food in sales and traffic real growth.

Charts by Peter K. Niceberg

RESTAURANT BUSINESS

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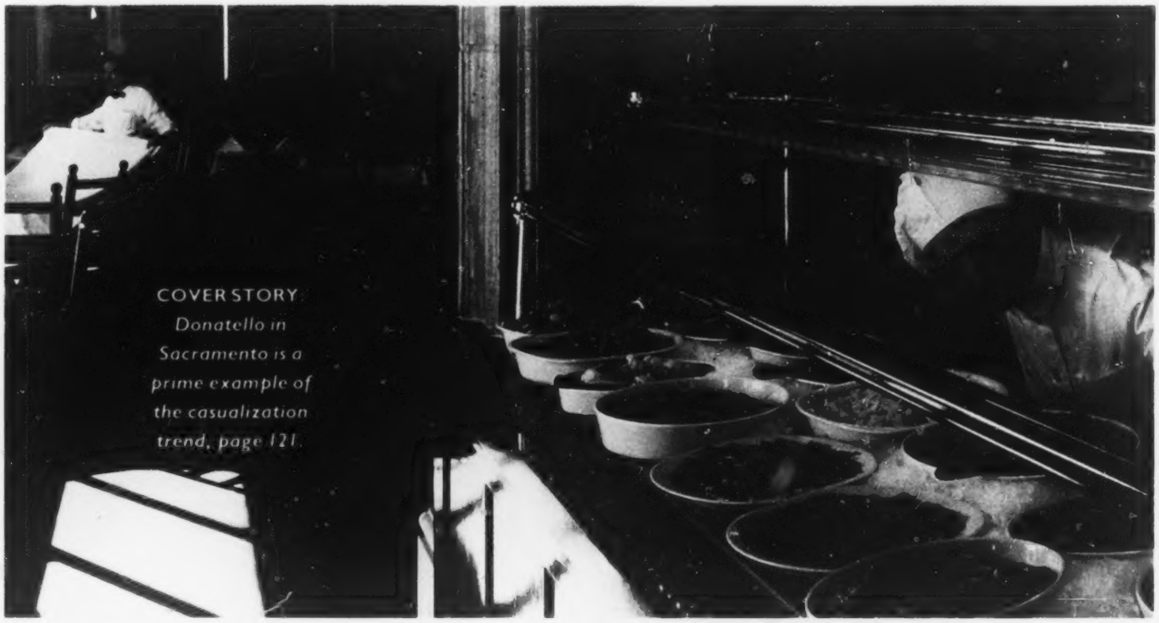

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COVER STORY

TRENDS DOWNSCALING. Call it casualization. Call it the Great Bistro Binge of the '90s. However you choose to describe the phenomenon, the demand for more moderate prices and more informal dining is sweeping the country, and the industry is responding to a very clear and present imperative. 121

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Cover photograph by Mark Tuschman

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Reprints of the **1989 RESTAURANT GROWTH INDEX** and the **1990 MAJOR FORCES IN FRANCHISING** are available for $5 per copy. Direct inquiries to Editor Peter Berlinski, *Restaurant Business*, 633 Third Ave., New York, NY 10017.

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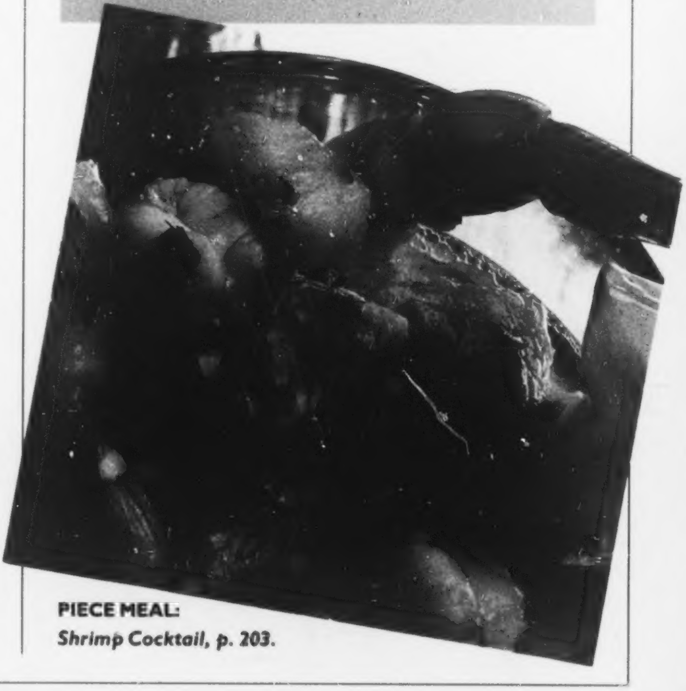
COVER STORY MAX & ERMA'S TURNAROUND.
This plucky family chain has enjoyed two years of double-digit, same-store sales increases. Here's why: Founded 17 years ago, M&E has always been well received by the customer, but profitability had been a problem. Since 1986, the company has been in the midst of a transition from an entrepreneurial company to a professionally managed company. It is conducting a three-part improvement plan: developing a strategic focus and identity; operations enhancements; and unit expansion.

SPECIAL REPORT TRASH CLASH UPDATE.
The foodservice and packaging industries face the challenge of heading off restrictive legislation. They are educating the public and government about the need to balance the responsibility for policing solid waste. Chains are already at work on source reduction in their packaging.

MARKET REPORT SEAFOOD.
This segment has been encountering some problems due to seafood's mixed image. Unstable prices and quality have deterred some patrons,



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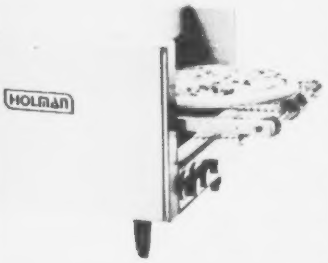

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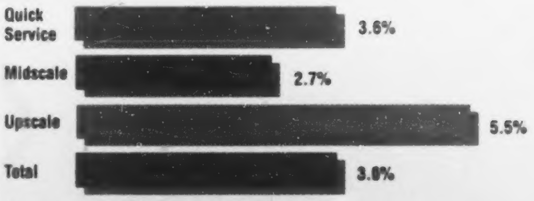
WINTER TRAFFIC GAINS



Change in Winter Quarter,1989 vs. 1988

Traffic for all restaurants was up 3.8% in the winter quarter of 1989 vs. the year-earlier period. This healthy growth was fostered by a significant traffic increase (5.5% in upscale restaurants). Quick-service and midscale operations also saw moderate growth: 3.6% and 2.7%, respectively.

SOURCE: NPD Research, Crest Service

CHART BY STEVE HULL

Taste of the Nation Benefits

As part of *Bon Appetit* magazine's third annual Taste of the Nation benefit, 70 cities across the nation hosted wine and food tastings in late March to raise money for the homeless and hungry.

At the Biltmore Country Club in the Biltmore Hotel, Coral Gables, FL, Miami organizer Allen Susser of Chef Allen's went one step further to garner as much money as possible for the cause. In addition to the food samplings offered by some of the state's most renowned chefs, Susser also auctioned off "Dream Dinners" for four donated by each of the 20 restaurants participating in the Florida event. The auction raised $9,000 of the $33,000 Florida-event total.**–Diane Kochilas**

Grady's Gets Name Change

What's in a name? "Everything," according to Ron McDougall, president of Dallas-based Chili's Inc., which recently changed the name of its Knoxville, TN-based subsidiary concept, Grady's, to the Regas Grill.

"The Grady's name didn't reflect the concept," says McDougall, which is that of an upscale casual eatery, with a full bar and a menu that includes steaks, prime ribs, and seafood salads. "People mistook it for more down-home cooking," he adds, "and often confused it with another chain called Grandy's."

The new name comes from the Regas family, a Knoxville restaurant family that has been in the business in that city since 1919 and was the concept's original owners. The family still operates the Regas Restaurant in Knoxville.

Grady's was an outgrowth of Regas Restaurant. The first unit opened in 1982, when family scion Bill Regas saw a niche for a new concept in Knoxville. Chili's acquired it in February, 1989, and instituted a few minor changes. "We added Florentine pizza and grilled chicken salad to the menu," says McDougall, who also fine-tuned some of the concept's design elements. "We made some small lighting changes and subtle alterations in the wood tones," he adds, "but by-and-large our philosophies are very compatible."

Currently, there are eight Regas Grills in the Southeast, mostly in Tennessee and Georgia. Each unit, with approximately 230 seats, grosses about $3.5 million, on average lunch and dinner checks of about $9.50.

Under Chili's guidance, expansion plans for Regas Grill include opening four new units by the end of fiscal 1990, and six more by the end of fiscal 1991. Chili's wants to move Regas into markets outside the Southeast, and has already opened one unit in Dallas.

–Diane Kochilas

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MARTIN KOZLOWSKI

Exit Stage Left

Celebrities will no longer have to wait for their fan mail to discover how their fans rank them. Now all they need to do is consult the menu at New York City's Stage Deli.

After 53 years of naming their triple-decker sandwiches after famous people, Stage Deli owners Paul Zolenge and Louis Auerbach let their customers decide. They distributed ballots for one week, so customers could choose which five celebrities should be added to the menu, and which five names cut. At week's end, 700 customers let their voices be heard. As a result, sandwich lovers can sink their teeth into the following top 10 celebs: Tom Cruise, Mel Gibson, Arsenio Hall, Tom Hanks, Kevin Kostner, Michael Jordan, David Letterman, Bette Midler, Jack Nicholson, and New York City radio personality Howard Stern. Ivana Trump ranked 11th place, according to spokesman Dan Klores. The owners discovered that more non-New Yorkers wanted her on the menu, but New Yorkers didn't think she cut the mustard.

And the losers? Voters wanted Stern's radio rival Don Imus off the menu, as well as Gary Carter, Shecky Green, Pete Rose, Nipsey Russell, Mike Tyson, Max Von Sydow, Jack Wagner, and Oprah Winfrey.

So if fans still want to sample the old menu favorites, they better hurry. Zolenge and Auerbach will be showcasing their new menu in the beginning of June.–Lori Barker

RB
RESTAURANT BUSINESS

In today's tight dining market, operators have come up with a strategy to lure customers back: downscaling. Restaurateurs have discovered the way to recover those patrons who were driven away by formidable average checks or who succumbed to other foodservice alternatives. Old concepts are being revamped by menu, price, and decor to create a more casual dining experience. Brand new restaurants have a decidedly less formal atmosphere; price/value has become the restaurateur's first concern. Fine-dining operators are opening bistros instead of new upscale concepts. The result: more repeat business and a newer, younger clientele. —BY JOAN M. LANG

Call it downscaling. Call it casualization. Call it the Great Bistro Binge of the '90s. However you choose to describe the phenomenon, the demand for more moderate prices and more informal dining is sweeping the country, and the industry is responding to a very clear and present imperative.

Operators are lowering prices. They are opening cafes to complement their upscale restaurants. They are introducing daily specials, prix fixe menus, and lower-priced selections. In short, they are doing what they can to spur business in a slow market.

- Windows on the World, the high-ticket restaurant at the top of Manhattan's World Trade Center, introduced a "Sunset Supper" program in March, consisting of a three-course meal priced at around $25—a significant reduction off the restaurant's average check of $38 (for food only). So far, about one-third of the patrons dining during the 5 p.m. to 6:30 p.m. time slot are taking advantage of the supper, and the dining room is often filled to capacity during this period.
- Tourelle, in Lafayette, CA, was doing well enough as a white-tablecloth restaurant—but its adjacent cafe was doing even better. Last year, the restaurant was completely repositioned as a casual, midscale concept, and its owners are seeing sales gains from 25% to 30%, on a lower average check.
- Spinazzola's, a white-tablecloth Northern Italian restaurant in Framingham, MA, turned an underutilized cocktail lounge into a cafe and dropped the average check in its main dining room by about $5 with the addition of pasta items. The changes have brought in more repeat business and a newer, younger clientele.

The demand for moderate prices and informal dining is sweeping the country. The industry is responding to this new imperative.

Restaurants like these have all responded to softness in the local market by offering their patrons a dining experience that is more in keeping with current lifestyles and expectations.

"Customers are sick and tired of taking it on the chin and paying high prices to eat out," says Jeffrey Senior, an owner of Skipjack's Seafood Emporium in Boston and Brookline, MA, an area of the country where the economy has been particularly hard hit. "If the operators around here don't do something, the customers are going to stop coming." Skipjack's, for its part, has instituted a number of new lunch and dinner selections that deliver exceptional value to the customer, without changing its core menu concept.

ROLLED-BACK PRICES. Value is what it's all about. The Santa Monica, CA-based Michael McCarty Group, which operates Michael's in San Francisco and New York City and Adirondacks in Denver and Washington, DC—four restaurants known for average checks exceeding $50 per person—has rolled back prices across the board by about 30%. Although entree prices are still relatively stiff by anybody's book—ranging in price from $16 to a high of $24.50—management feels that this represents a good value for the overall experience: the quality of the food, the professionalism of the service, and the atmosphere.

At Cafe Rakel in New York City, which was recently "downscaled" from its previous identity as Rakel, the average check is now $40 to $45, compared with $65 before. "I'm not saying we're inexpensive," says Ken Frydman, a principal in the Manhattan-based Epicus Group, which handled the transformation of Cafe Rakel for owner Serge Raoul. "But comparatively speaking, we're more accessible. The prices are more realistic, people no longer have to dress up in a suit and tie to come in here, and we're serving later hours. This restaurant has become more of a neighborhood bistro."

What is behind all of this? Many observers point to economic factors: the stock-market debacle of October 1987, the "Silent Recession" that is overtaking the economy, the tightening of expense-account dollars, the downward slide of real estate prices. But in some ways, the handwriting for an industry slowdown has been on the wall since the birth of the Baby Boom generation: Now in their 30s and 40s, this tremendous engine of expenditure is no longer young and single and free with its entertainment budget. Today's Baby Boomers are staying home, spending money on mortgages, four-door cars, and baby food.

Greed is dead, they say, and with it, the go-go years of upward-spiraling prices—for dinners out, for real estate, for vacations, for everything. One has only to read the magazine ads and watch the television commercials to see what kind of messages savvy marketers are using in this kind of market: Value for your money. Quality. Understatement.

TOUGH CUSTOMERS. Yet today's customers are a sophisticated lot, who came of age in an era when the world was literally at their doorstep. And in some ways, that makes them the toughest consumers of all to please.

"My customers want a good product and a good time, even if they can't afford to go out every night," says Roberto Donna, owner of the $60-per-person Italian restaurant Galileo, in Washington, DC. Donna opened a second more moderately priced trattoria called I Matti (Italian for "crazy") last October. "That means

Last year, Tourelle was repositioned as a casual, midscale concept.

they want inventive, high-quality food in a comfortable, informal place," adds Donna, who provides all of that at I Matti with an average check of about $25 to $30.

At I Matti, most appetizers (including a variety of crostini, soups, and fried vegetables) are priced at $5 or under; a selection of six pizzas and three calzones carries a tariff of around $8 to $9, and all pastas cost less than $10. Entrees, including items such as braised rabbit, osso buco, *bollito misto* (Italian-style boiled dinner), and grilled chicken, are priced at $10 to $13. The atmosphere is lighthearted and informal, and the restaurant does three to four complete turns a night, for a total of 400 to 600 covers a day.

For the restaurateur, it all points to what Harris H. ("Bud") Rusitzky, 1989/90 president of the National Restaurant Association, calls "the casualization of the American restaurant." According to Rusitzky, it is the most important development to hit the industry in a long time. "Customers now want a more casual, less structured, less expensive dining-out experience," says Rusitzky, citing the results of a recent NRA/Gallup survey (see table, page 126). "Customers are looking for good food and better perceived value, and they are looking for a relaxed atmosphere instead of formality."

TOURELLE
MENU SAMPLER

PIZZETTA
With goat cheese and roasted red peppers $4.50

BRIE AL FORNO IN FILO
With nut gremolata and fresh fruit $7.00

CALZONE
With taleggion, spinach, pancetta, red onions, and crushed red chiles $11.00

BRAISED VEAL SHANK
With garlic polenta $11.50

GRILLED LAMB BROCHETTE
With pancetta and caramelized apples $13.50

◆

The old menu contained items such as: Oxtail Consomme; Wok-Broiled Squab; and Pike Fillet en Papillote.

"We've seen a definite trend toward casual dining," says John Harding, director of public relations and marketing for New York City-based Restaurant Associates (RA), which has been operating casual-dining concepts—such as The Brasserie—for years. RA's newest entrant is Tropica Bar & Seafood House, a Caribbean-style bar and restaurant that replaced Charlie Brown's on the highly trafficked Concourse level of New York City's Pan Am Building.

"We have two markets here, actually," adds Harding. "At lunch, we do quite a bit of expense-account business. But at dinner, more people are spending their own money, and we wanted to be sensitive to that."

The key, says Harding, was to create a very active bar scene, with plenty of specialty drinks and a sepa-

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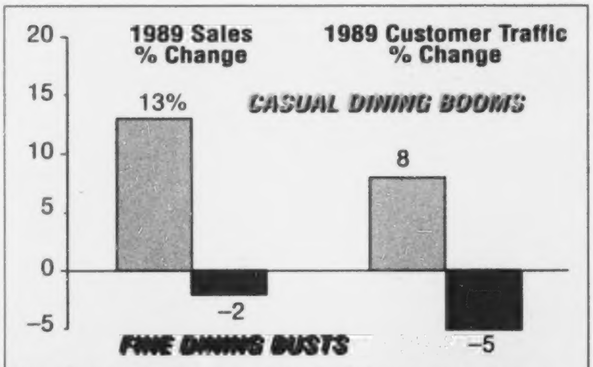
rate bar menu. The dining room, with its display kitchen and white tablecloths, is visible from the bar through glass partitions—an attractive lure for bar patrons who find themselves a little hungrier than they thought. But, even if they don't move into the dining room, patrons are eating in the bar, adds Harding, where the average food-only check is a healthy $13 per person. In the dining room, the average check is $20 at lunch and about $27 at dinner.

Whatever the reasons for the changing sensitivities of the marketplace, restaurant sales are distinctly, decidedly down. In New York City and Boston, for instance, some operators are reporting that sales are off by as much as 25% to 30%. In San Francisco, according to Golden Gate Restaurant Association executive director Cecilia Metz, a soft local economy coupled with residual effects from last October's earthquake have pushed sales down about 30%, especially at high-end restaurants.



According to the 1989 CREST report: "For the first year in modern times, Full-Service restaurants, led by Casual Dining concepts within the Upscale segment, outpaced Quick-Service restaurants. Casual Dining posted by far the best performance, up fully 13% in sales and 8% in customer traffic—at the expense of Fine Dining, down −2% in sales and −5% in traffic for the period."

DEFINITIONS:

Upscale restaurants: offer full liquor service and accept credit cards.

Casual restaurants: average check below $11 at lunch and below $16 at dinner.

Fine Dining restaurants: average check $11 or above at lunch and average check $16 or above at dinner.

Source: CREST, GDR Enterprises

In Los Angeles, the situation is not as bad, although Gerald Brightbart of the California Restaurant Association reveals that constituents are wondering when business is going to get better. "It's affecting all segments throughout the state," he says. By all accounts, it seems that the industry's pace is off.

Overall, however, 1989 may have been a better year for the industry than its disastrous predecessor. According to CREST, a service of NPD Research, total industry traffic was up 1.4% over 1988 (a grim year indeed for the restaurant industry, when traffic advanced a scant 0.4%). For the first year in half a decade, customer traffic at full-service restaurants outpaced quick-service restaurants, led by 8% gains in the casual-dining subsegment; by contrast, fine-dining traffic slipped 5% in 1989. According to NPD's George Rice, growth in the full-service sector will continue to be driven by casual-dining concepts, thanks to their favorable price/value profile.

Thus, operators have made the great move to offer more for less—to meet the customer's terms for quality, value, and comfort.

"Let's call a spade a spade. This just has to happen," says David Liederman, who is set to open the casual-sophisticated Broadway Grill in Manhattan's Crowne Plaza Hotel this month with a projected average check $10 below that of his successful East Side venture, Chez Louis. "Customers don't have $100 to spend on dinner anymore."

CONCEPTUAL CHANGES. Liederman is quick to point out that the movement to offer lower prices and a more casual experience is not exemplified by mere price-cutting. "We are talking about complete conceptual changes—offering a different type of menu item that allows a lower price point," he says. "Operators must learn to keep their own costs down in order to keep prices down. We have to buy smarter, hire smarter, lease smarter. This trend is ultimately going to affect everybody, all the way down, from purveyors to chefs to landlords."

Certainly, the downscaling phenomenon fits hand-in-glove with the current fascination with hearty, homey foods like cassoulet, veal shanks, stews, pastas, and simple grilled meats and fish, which can be produced at a lower food and labor cost than the imported lettuces, baby vegetables, and other costly items so favored by the star-crossed chefs of the late '80s.

"Let's face it: Pasta and pizza help keep the food costs down," says Burt Rappaport, a partner with Dennis Max in the four-month-old restaurant Prezzo in Boca Raton, FL, an Italian-style trattoria that specializes in homemade pasta, signature pizza, risotti, and other simple Italian-style fare; the average check is about $18 at dinner. Rappaport and Max, who sold his upscale Cafe Max and Max's Place to concentrate on building Prezzo, feel that the instantaneous success of this new venture is definitely "a sign of the times." The 160-seat restaurant is headed toward $2.75 million in sales for its first year, and more South Florida locations are being sought.

REPEAT DINING. Operators are finding that this strategy encourages repeat dining, that what may be lost in check average is more than made up for in volume—not to mention good will. "If I hadn't added the cafe, I'd be in big trouble right now," admits Alex Sebastian, owner of the Wooden Angel, a destination restaurant in Beaver, PA, referring to his decision several years ago to open an adjacent cafe called, appropriately enough, The Casual Cafe.

The cafe, with its average check of $12 to $15, is more profitable than The Wooden Angel, and enjoys a repeat customer base that may return as often as four times a week; The Wooden Angel, with a $25 to $35 check average, is frequented perhaps once a month by its most devoted clientele. "We get more people in the cafe more often," says Sebastian, "people who may not want to get dressed up and spend a bundle to come dine out. I often fear that my formal dining business will ultimately suffer. The Casual Cafe already pulls in 25% of my business and I expect it to be 50% soon. But wherever the dollars and cents go, that's where we'll go."

"Our customers were telling us that they couldn't come here as often as they wanted," says Toni Spinazzola, an owner of Spinazzola's, which turned its bar into a casual companion to its white-tablecloth restaurant late last year. "They wanted a place to have a quick, inexpensive bite to eat when they were in the neighborhood, and we decided to offer it to them."

To launch the cafe, the Spinazzola family developed a more informal menu that incorporates several popular items from the regular menu (including venison chili, goat cheese lasagna appetizer, and pizzas), extended the closing time two hours until midnight, and instituted a no-reservations policy.

FOOD COSTS DROP. In addition, they added a number of specialty pasta dishes to the regular lunch and dinner menus, such as chicken and grilled sausage over saffron pasta and grilled scallops and lobster over spinach pasta, available in full and half-portions. The pasta additions have lowered the restaurant's average check by about $5; the cafe's check average is about $10 lower still. The restaurant also realized a slight drop in overall food costs and an increase in loyal patrons.

That broad repeat-business market is what most operators are struggling to attract. "You limit yourself too much if you're just trying to attract that upscale dining dollar," says Jeff King, chairman of University Restaurant Group in Long Beach, CA, which operates several restaurants in the area. "After a certain price point, you are just eliminating a whole portion of the potential customer base."

I MATTI

MENU SAMPLER

PIZZA AGLI SPINACH
With garlic, spinach, ricotta, Fontina, and Parmesan $9.25

IL CARRELLO DEL BOLLITO MISTO
Italian-style mixed boiled meats and vegetables $12.95

GAMBA DI MAIALE AL FORNO
Roasted leg of pork with raisin, pine nut, vinegar sauce, Swiss chard $11.95

CRESPOLINE ALLA RICOTTA E SPINACI
Crêpes filled with ricotta and spinach, baked in Parmesan cream sauce $9.95

POLENTA
With gorgonzola and Parmesan cheeses $6.95

University's original restaurant, 555 East in Long Beach, has been known since 1984 as a special-occasion restaurant by dinner and a power-lunch spot during the day, and while it is very successful, each of the company's subsequent restaurants have grown more casual and more moderately priced. Four-year-old Ocean Avenue Seafood, in Santa Monica, courts a more informal, younger clientele with fresh seafood, an oyster bar, and lots of appetizers. The average check, like 555 East's, is about $30 per person, but the ambience is far more convivial.

Providing that type of dining experience has become remarkably strategic. In Charlotte, NC, a city that has successfully challenged Atlanta as the financial center of the South, growth is booming, and many operators are taking extra care to satisfy local customers in a variety of ways. At the new First Union National Bank head-

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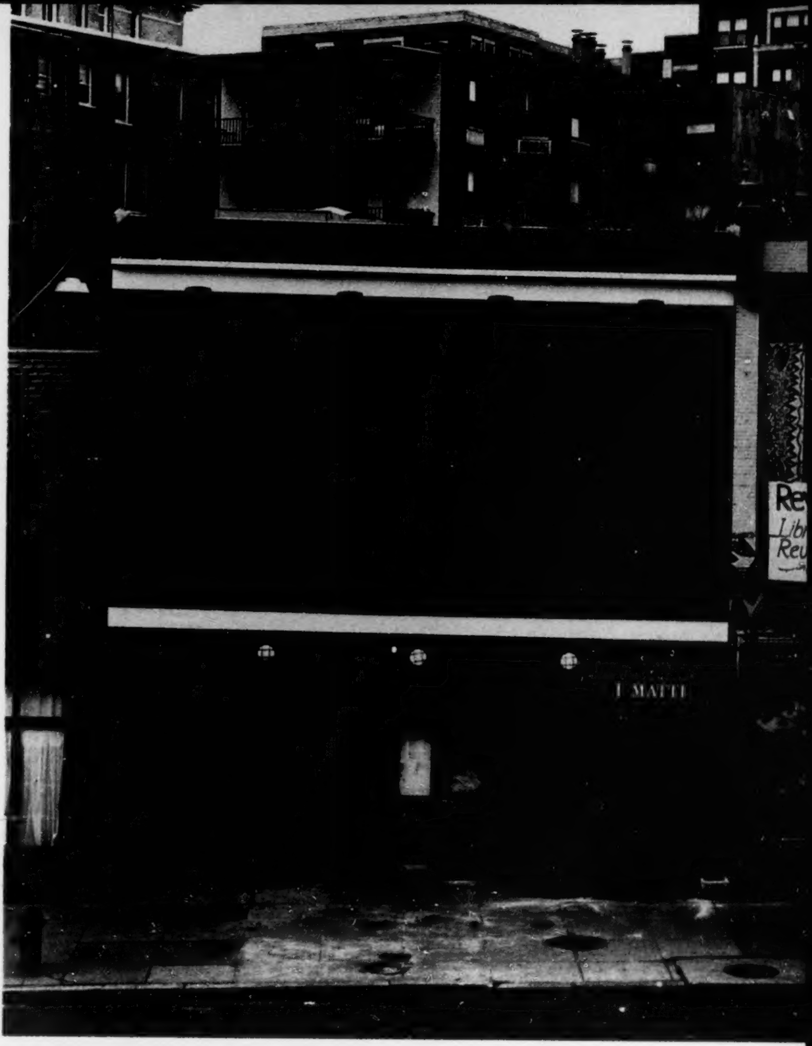


I Matti, a casual Italian bistro, is Roberto Donna's second concept in Washington, DC.

quarters, set to open this spring, a restaurant company known as Tricor Inc. is developing multifaceted foodservice designed to help spur and support a vital night- and weekend life in a traditional "downtown" setting.

Appropriately called Prisms, the foodservice concept includes both fine-dining and bistro-cafe facilities, as well as retail bakery and deli/take-out outlets, according to Ed Tubel, president of Tricor. A single menu program, which will incorporate California, continental, and Southern-style motifs, will be adapted for each venue, adds Tubel. In Prisms Bistro Cafe, the same menu will be featured all day, for an average check of $4 to $7. That menu will serve as the basis for the lunch daypart at Prisms Fine Dining, but a special dinner menu will generate an average check of about $17 to $22.

CREATING DIVERSITY. Service styles and ambience will be equally differentiated. "The trick will be in creating that diversity within the common Prisms identity," notes Bill Main, a project consultant who is based in San Francisco.

Obviously, just lowering the prices doesn't work, although there are a number of value-building strategies that operators can implement without throwing over the original concept.

Phillipe Accad, managing partner of Fleur de Lis in Milwaukee, made the restaurant more appealing by adding daily $6.50 lunch and $15.95 dinner specials, as well as some first-ever chicken dishes, which lower the price range of entrees on the regular menu from $18 to $25, to $15 to $25. Fleur de Lis' average check has been reduced about $10 in the process, to about $40 on weekend nights and about $45 on weekdays, but volumes have increased almost 20%.

Operators are doing what they can to spur business: lowering prices, opening cafes, and introducing lower prices.

"We were a destination restaurant serving fine French cuisine," says Accad, who took over the faltering restaurant two years ago, when it was losing about $100,000 a year. "But people were telling us that Fleur de Lis was too expensive, too stuffy, and that the portions were too small. We didn't want to change what was nice about the restaurant, however; we just wanted to make it more affordable.

PROMOTE SPECIALS. The solution was to add to the lower end of the menu and to promote value-oriented specials. The daily Business Lunch offers a soup or salad and an entree for $6.50; the Monday-through-Friday Regional Dinner, priced at $15.95, includes soup or salad, entree, dessert, and a glass of appropriate wine. The specials have a more rustic, homemade quality than the balance of the menu, says Accad, and have therefore made Fleur de Lis less intimidating.

About 25% of the day's customers order a special, and Accad says they are new customers, not regulars trading down. "Our profit margin may be slightly lower, but we're doing a lot more business, and it's making us money."

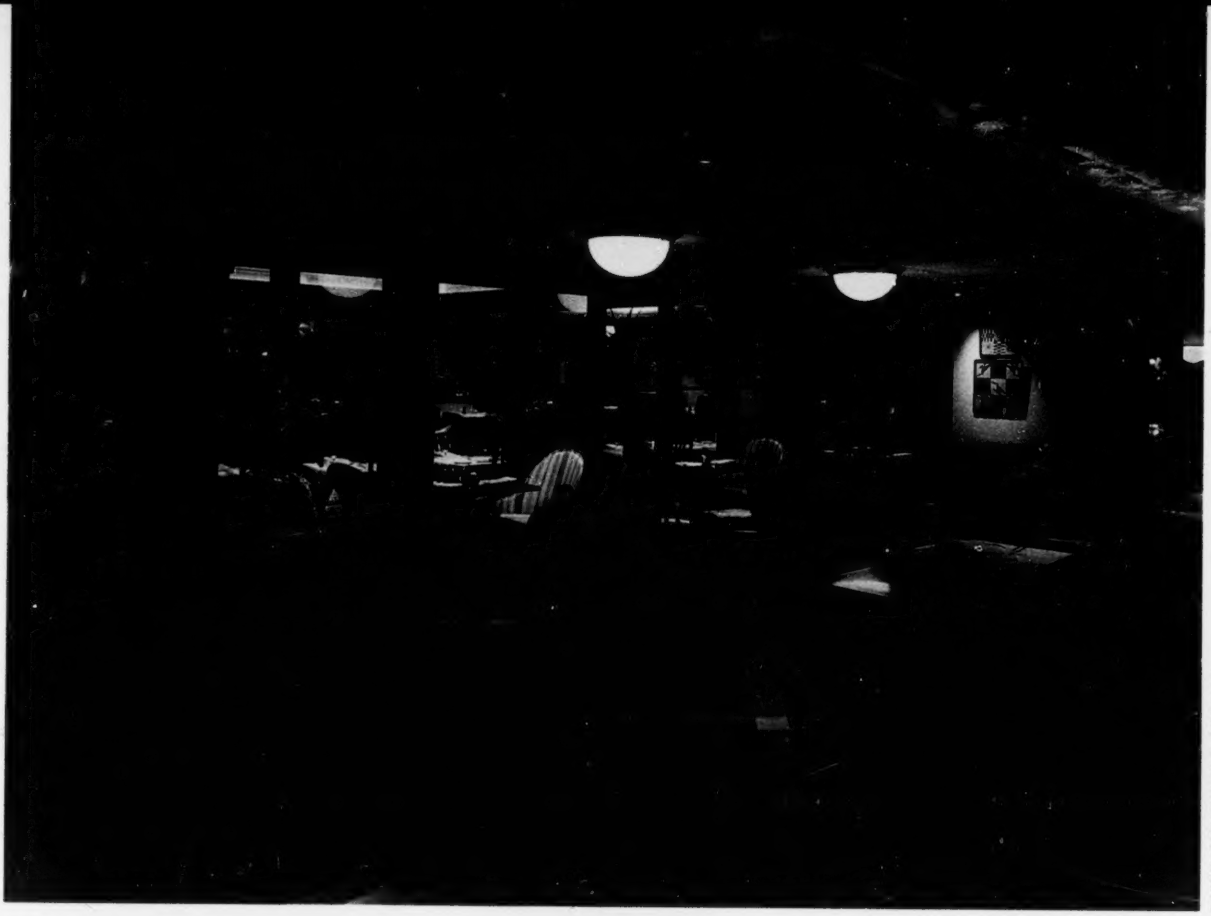
Jasper White, the proprietor of Jasper's, an 80-seat, upscale restaurant in Boston, recently changed his menu to incorporate newer, lower-priced items and more side dishes, lowering prices across the board by about 5% into the bargain. White has seen his average check decrease by about $10 as a result, and he couldn't be happier—volume is up.

RESTAURANT RENAISSANCE. "I saw the writing on the wall, and I wanted to keep this place busy," explains White, who was a leader in Boston's restaurant renaissance when he opened Jasper's seven years ago. Since then, competition has boomed, the economy has faltered, and Jasper's customer counts began to slip. "By lowering the average check, I'm keeping the customer happy, and I'm cooking some things that I've always wanted to and didn't have a forum for."

White's was a subtle move; rather than simply changing the menu, he restructured it, adding less-expensive items such as fresh codfish cakes with wilted greens ($16) and chicken and oyster pot pie ($18) that maintain the spirit of his contemporary American menu; the bulk of the entrees are still priced at $20 and up. In addition, White added interesting side dishes, such as parsnip puree ($3), Boston baked beans ($3), and Andy's favorite onion rings ($4). In effect, he retained the top end and added an entire new lower tier.

At The Sardine Factory, a destination restaurant in Monterey, CA, owners Ted Balestreri and Bert Cutino introduced a series of three-course Anniversary Special dinners, priced at under $20, which have helped keep sales from declining over the past two rough years. "You have to work a lot harder to get the same head counts," says Balestreri, who notes that the region's hotels lost as many as 1,000 room nights' worth of visitors thanks to last October's earthquake. "We have been working with local hotels to bring in groups, marketing to our special customers, offering free hors d'oeuvres in the bar on Friday nights—anything to keep people coming in.

"A few years ago, having four or five stars in the guide books was the key to success," notes Balestreri. "Today, people think 'expensive' when they see those



PHOTOGRAPH BY NANCY SCARIATTI

Tropica's bar lures patrons passing through Manhattan's Pan Am Building.

stars. And the more formal a restaurant is, the more expensive customers think it will be. We have to make dining out more casual and more accessible."

Certainly, people respond to the appearance of lower-priced items on the menu—often by spending just as much, but going away with a better perception of value. Pat Kuleto, a restaurateur and restaurant designer (his Sausalito, CA-based company is called Kuleto Consulting & Design), has found this to be very true at Kuleto's in San Francisco, a popular Italian restaurant in the Villa Florence hotel. The menu is made up of categories including antipasti, soups and salads, pastas, main courses, and side dishes; the single most expensive item—grilled veal chop stuffed with prosciutto and mozzarella—is $16.95, and most items are far less.

"We played into the whole 'grazing' movement here," notes Kuleto. "People are able to assemble their own dining experience, chosen from a large variety of smaller, less expensive items. They'll have appetizers in the bar and again in the dining room. They'll try different things. They'll make a whole evening of it. Or, they'll come in for a late, light supper. The point is, the prices look low, so they feel free to spend more because they're getting what they want."

TROPICA

BAR MENU

POPCORN SHRIMP
Spiced fried shrimp with Lemon Hot and Cocktail Sauce $12.50

POACHED FISH SALAD
With winter greens; Tropica vinaigrette $12.50

JERKED PORK SANDWICH
With red chile sauce garnish $9.50

DINING ROOM MENU

CONCH CHOWDER
With christophene and okra $4.75

SEA SCALLOPS
And plantain tamale steamed in banana leaf $22.50

BLACK ANGUS SIRLOIN
With red chile onions and pepper sauce; 16 oz. $24.50

Hours of operation seem to play an important part in the casual-dining puzzle. Tino Scarpa, formerly the owner of the upscale New York City restaurant Tino's, teamed up with partner Richard Tannen to open a new casual-style trattoria called Faces, on Manhattan's Upper East Side. The restaurant opens at noon every day and stays open until 1 a.m., a strategy that would have seemed like operational suicide just a few years ago.

"I didn't want to do another formal restaurant," says Scarpa. "I couldn't have survived. I have a tremendous advantage here because my customers can just drop in here, whenever they want, and always feel comfortable. It may cost me a little more to keep people on duty throughout the day, but it's worth it."

Caffe Latte, a moderately priced restaurant located in a mini-mall in the high-traffic Wilshire area of Los Angeles, is open continuously from 7 in the morning to past midnight. "I can't charge more than about $14 for an entree because of the location," says Tom Kaplan, Caffe Latte's owner, who also ran the more upscale Italian restaurant, Hu-

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go's, for his father. "But I can draw in the neighborhood with great breakfasts and lunches and make my money that way. You don't get a big draw with expensive prices and formal service any more. You get it from a moderate price point and a comfortable atmosphere."

Kaplan, for his part, is seeing sales of more than $1 million annually on Caffe Latte's 40 seats, appealing to local families with children, weekend dalliers, and convenience-seeking working people who don't have time to cook at home. "We serve wonderful food here, but we're not going to turn you away if you have a baby in tow. In fact, some days it seems like there are more people under the age of 10 in here than there are adults."

In fact, more operators are marketing to kids—principally because more of their customers are having them. "It's surprising to me how many families bring their kids out with them, even at night," says Larry McIntyre, who closed Manhattan's Cafe Central restaurant five years ago to concentrate on its more casual, downtown counterpart, Chelsea Central.

Though he has no children's menu, he's acquired a supply of booster seats and welcomes the family trade, who appreciate his relatively gentle prices—at least by Manhattan standards. Average check is about $30. Giving customers what they want, on their terms, is paramount. "Restaurants have to be user-friendly," insists Robert Nyman, president of The George Lang Corporation, a restaurant consulting firm based in New York City. "Customers have too many other options for their dining occasions."

Restaurateurs are offering their patrons a dining experience that is more in keeping with current lifestyles and consumer expectations.

Nyman and partner Andrew Young, who is director of operations, were called in to transform a restaurant called The Polo Grille, in Palm Gardens, FL, into just such a user-friendly restaurant now called Beaches Restaurant & Grill. The restaurant says Young, was "traded down." "We put it in a new, more competitive context," Young explains.

According to Alfredo Taulé, president of Beaches, the old Polo Grille had been too overpriced, too stuffy, too "straight" for the area. "The whole atmosphere looked expensive," he says. "Businesswise, it wasn't attracting a broad-enough base of clientele, and it wasn't meeting financial expectations."

A year after its original opening, The Polo Grille was transformed into Beaches. Walls were opened up, exposing the kitchen from every direction, and the restaurant was redecorated to reflect a lighter, more colorful spirit; in the process, the number of seats was reduced by 30, to about 220. The menu retains many of Polo Grille's more popular dishes, but is simplified and presented in a livelier format at a more moderate overall price point.

Because of these changes, the average check dropped from $25 to about $16. The staff was cut back by a margin of 50%, casually outfitted in shorts and polo shirts, and trained to give friendly service.

"Business is much, much better now," says Taulé. We're bringing back some of our old clientele, and getting in new customers all the time. The restaurant is now profitable on a volume of about $2 million. At the end of the season, says Taulé, additional locations for Beaches will be sought in South Florida.

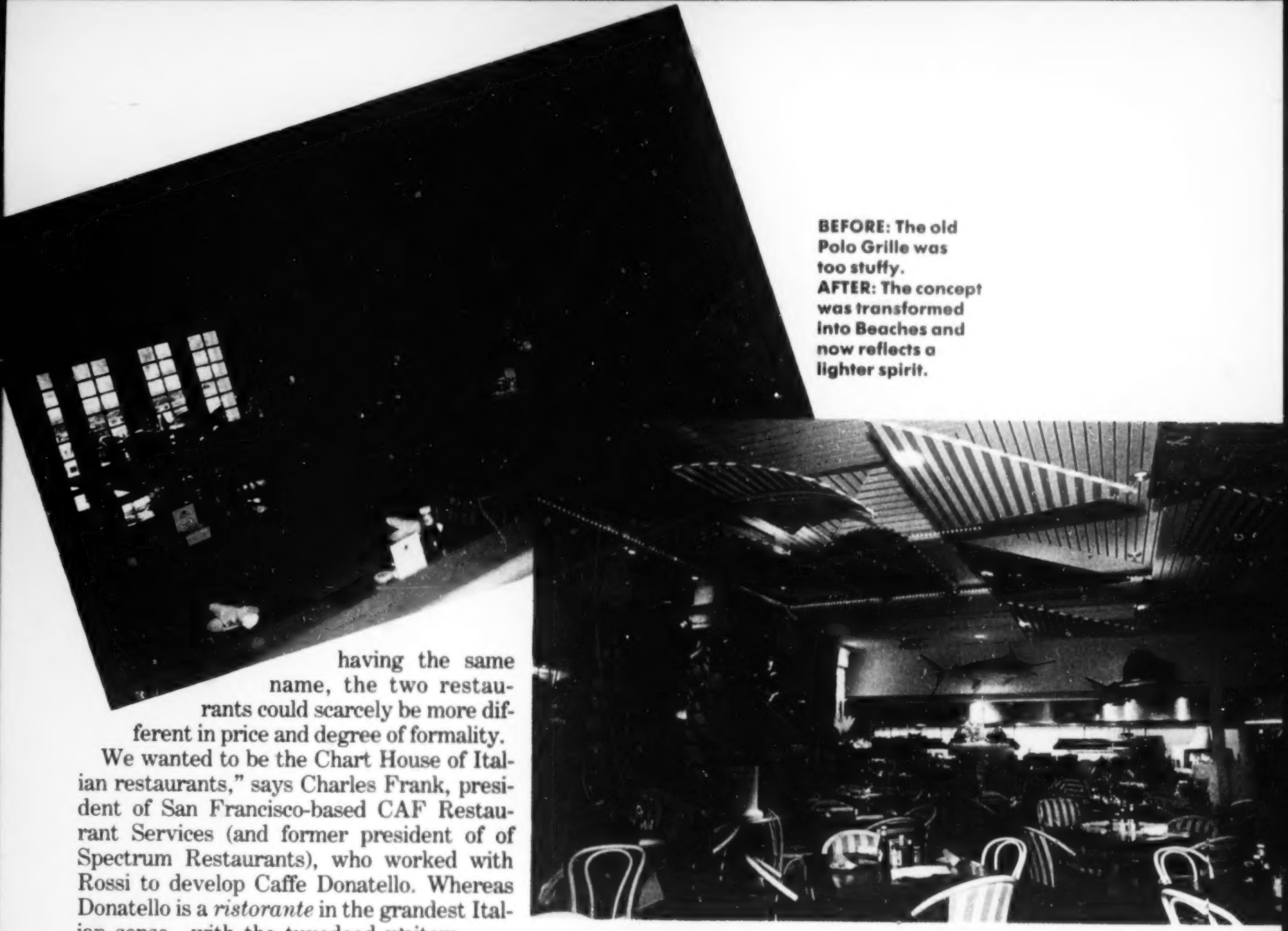
Such a makeover is obviously expensive. The owners of Tourelle, a five-year-old restaurant in Lafayette, CA, 20 minutes east of San Francisco, spent eight months and about $1.9 million last December to convert what was once a fixed-price, formal restaurant with a related casual cafe to an all-casual concept.

"We were very serious about this project," notes Robert Burke, president of Bedford Hospitality Inc., which also owns the upscale restaurant Lascaux in San Francisco; its parent company, Bedford Properties Inc., is a diversified real-estate development and management company. "The fixed-price dining room was doing all right, but the cafe's volume was much stronger. We decided to give the entire restaurant that cafe ambience, menu, and pricing structure."

The two separate dining areas were linked into one by a spectacular new glassed-in atrium, where live jazz and light fare are offered. The original cafe menu was broadened with more appetizers, pastas, fish dishes, grilled items, pizzas and calzones, and desserts—all in what Burke describes as a "European country vein." Average check, which had weighed in at about $35 to $40 per person, is now about $20.

POSITIVE RESPONSE. The response has been overwhelmingly positive, says Burke; sales have increased 25% to 30%. "Our counts are way up, and because we have also focused so much of our effort on controlling every expense, our margins are better. We are operating much more efficiently now."

Many operators are finding success with casual companions, opening second restaurants that trade off the well-established name and reputation of a more formal restaurant. A case in point is Caffe Donatello in Sacramento, a downscaled spinoff of A. Cal Rossi Jr.'s high-ticket Donatello restaurant in San Francisco. Despite



BEFORE: The old Polo Grille was too stuffy. **AFTER:** The concept was transformed into Beaches and now reflects a lighter spirit.

having the same name, the two restaurants could scarcely be more different in price and degree of formality.

We wanted to be the Chart House of Italian restaurants," says Charles Frank, president of San Francisco-based CAF Restaurant Services (and former president of of Spectrum Restaurants), who worked with Rossi to develop Caffe Donatello. Whereas Donatello is a *ristorante* in the grandest Italian sense—with the tuxedoed waiters and $65 check average to prove it—Caffe Donatello is all *trattoria*: casual, nonintimidating, and moderately priced.

The centerpiece of Caffe Donatello is a 7-ft.-long, 20-item self-service antipasto bar, priced at $9.50 à la carte, but included with the price of an entree. "The bar speaks to abundance and value," says Frank. "It's fun and it's very distinctive." Their operation also includes a big exhibition kitchen—Frank refers to it as the "cookhouse"—which turns out pizzas, rotisseried and grilled items, and pastas. The 150-seat Caffe, opened in February, attracts a young clientele, who spend between $25 and $30 apiece for dinner. So far, it is more than meeting its projections.

Deborah and Carlos Nieto, owners of the upscale restaurant Carlos in Highland Park, IL (average check: $75 per person), snapped up the opportunity to operate a second restaurant, La Foret, in nearby Lake Forest, but they kept it casual in order to avoid "competing with themselves," according to Deborah Nieto. "We wanted La Foret to be high quality, like Carlos," she says, "but be simpler and less expensive." Decor and food are French-style, but casual: The small regular menu includes steak *frites*, stuffed *paupiette* of chicken, and grilled fish, with entrees priced under $20 (to Carlos' $26 to $29).

BEACHES

MENU SAMPLER

SPINACH AND CHEESE RAVIOLI
Served with tomato basil sauce $5.50

SEAFOOD COBB SALAD
With shrimp, salmon, and clams on chopped greens, with cucumber, avocado, gorgonzola, and bacon $9.95

GRILLED SALMON BLT
Served with tarragon mayonnaise on toasted whole wheat $7.50

CORAL BURGER
With cheddar cheese and bacon $6.95

WOOD-FIRED "ZZAS"
Topped with ingredients including Jack cheese, broccoli, pesto, black olives, sausage, and chicken $6.75 and up

GINGERED BABY BACK RIBS
Honey, mustard, and mandarin glaze $9.95

Does all of this mean a death knell for fine dining? Though many observers believe that the market is undergoing a fundamental change in its expectations, most also agree that there will always be room for the special-occasion dinner.

"I feel quite sure that we are in the midst of a cycle where people want to spend less on food," says Barry Wine, proprietor of Manhattan's ultra-pricy Quilted Giraffe, where average checks, including service charge, approach $150 per person. "But we are not lowering our prices. As our competitors start moving out of this niche, we expect to see more and more people coming in here for that $200 bottle of wine, that $50 caviar special," he adds, acknowledging that many of his customers today are Japanese. "Business is a little softer than it was three or four years ago, but I still think there will always be a demand for a quality dining experience." RB at the same time emphasizing new products. "We've changed our target to attract a younger, more female, more family-oriented crowd," says Webb. "Our research showed us that we were about 58% male, and we wanted to get that down to about 52%."

Rax's new products include a line of chicken sandwiches, which now account for 12% of sales. "The jury is still out, but the menu changes and the advertising have increased our female and family base," says Webb.

Spaghetti Warehouse, a Dallas-based chain of 15 sit-down restaurants that garnered $28 million in sales last year, has chosen the path of family-oriented product advertising. "We don't really have the money to target specific audiences. People in our markets know who we are and what they can expect from us," says Robert Gilka, vice president of marketing for the chain. "We have to advertise to entire metro areas because our stores are all located in downtowns, so we're a destination, not an impulse. We're constantly reaching out to let people know where we are and what we're offering."

DEPENDING ON TV AND RADIO ADVERTISING, CHAINS BATTLE FOR "SHARE OF EYE AND EAR."

But who are chains reaching out to grab? Many chains don't know, and several marketers are convinced it's best to find a target audience and aim advertising in that direction. As IHOP's Petisse says, "We realized that we can't be all things to all people."

FINDING NICHES. Indeed, chains with a broad base often have more difficulties pinning down the marketing target than others. But some—like Max & Erma's—finally find their lucky niches. "Two years ago, we took a hard look at our consumers, and we successfully switched our focus," says Karen A. Brennan, vice president of marketing for the 15-unit Columbus-based chain. Its new target market: frequent diners.

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TELEVISION SPENDING IN THE BIG TIME

According to the New York City-based Television Bureau of Advertising Inc., restaurant advertising was up 11% in 1989 for spot, network, and syndicated television time purchases. The increase—higher than in years past—was partly driven by pizza chains competing for a bigger share of the off-premise market.

[illegible]

TOP 15 RESTAURANT CHAIN TV ADVERTISERS, 1989

RESTAURANT CHAIN	TOTAL	% CHANGE
McDonald's	$412,053,700	+7
Burger King	161,612,900	+8
Kentucky Fried Chicken	115,662,300	+17
Pizza Hut	90,658,100	+12
Wendy's	88,211,200	+6
Taco Bell	58,298,700	-9
Red Lobster	56,609,400	+13
Domino's Pizza	55,613,900	+37
Hardee's	38,238,700	-1
Long John Silver's	25,926,600	+1
Jack In The Box	25,630,100	+13
Sizzler	24,171,800	+6
Arby's Drive-In	23,692,200	+36
Little Caesar	20,032,000	+44
Dairy Queen	18,852,200	+12
CATEGORY TOTAL	$1,485,770,700	+11

Source: Television Bureau of Advertising

PIZZA

MARKET SEGMENT REPORT

Growth has been tempered by maturation.

by Jacque Kochak

Overall, the pizza segment is still healthy, although competition is ferocious. Regional chains and independents are fighting a mighty battle against the three biggest pizza chains as they expand into new territories.

"The pizza chains are still among the strongest in the industry," says Bob O'Brien, director of sales and marketing for Park Ridge, IL-based GDR/CREST, a market research firm. "However, growth of the biggest chains has been tempered recently, and the wealth spread out," he adds.

THE BIG THREE. For the last several years, the big news in the pizza segment has been the growth of the Big Three: Pizza Hut, Domino's, and Little Caesars. About 50% of the pizza market is owned by independents and small chains, and CREST data shows that their market share has been shrinking.

"What we're seeing is that the little guy hasn't been able to compete. He doesn't have the buying power, for one thing," says Nick Andreanos, owner of the 23-unit Ameci Pizza & Pasta headquartered in Canoga Park, CA.

"Unless a pizza concept is well-capitalized and able to build a strong following, the future could be bleak," agrees Dennis Steinman, vice president of franchising for Portland, OR-based Papa Aldo's. "After all, a company like Domino's spends as much on advertising as our systemwide sales."

That shrinkage of market share has apparently stopped now, however. Resistance by independents and small chains has stiffened, and they are holding the line against the giants.

"Perhaps the chaff has been separated from the wheat, and only the strongest independents have survived," suggests O'Brien.

A survey of the market shows that many independents and small chains have indeed figured out how to compete against the voracious Big Three. Some offer a more upscale dining experience, and some offer lower prices. Others seek out locations in smaller towns, where the competition is not so intense. They have identified their strengths and remain optimistic about the future.

One cloud on the horizon for every pizza operator is the threatened introduction of McDonald's pizza. The proposed McPizza, still under test, is the Oak Brook, IL-based chain's effort at building the dinner daypart.

Many physical problems exist for putting pizza in every McDonald's unit, however. Kitchens would have to be retooled to accommodate pizza ovens.

"It just boggles the mind to think about finding room for the equipment,

continued on page 144

Papa Aldo's offers take-and-bake pizza.

PIZZA

but McDonald's has done some amazing things before," says O'Brien.

Although some are skeptical about the ultimate success of a McDonald's pizza, many are nervous.

"Everyone in the industry is keeping a close eye on McPizza," says Moira McDermott, manager of media relations for Ann Arbor, MI-based Domino's Pizza. "Whenever an organization as large as McDonald's moves into new territory, you have to keep an eye on them."

The McDonald's pizza is a 14-in. round pie ranging in price from $5.87 for a standard cheese pie to about $9.50 for a deluxe, which features cheese, sausage, pepperoni, green peppers, onions, mushrooms, and tomato slices.

In test markets, the product has been advertised as "The pizza you won't believieva" in television spots that focus on McDonald's ability to deliver food fast. A pizza order is said to take only 5½ minutes and will be available through the drive-thru.

"I went up to a test market and tried their pizza, and it was very average," says Greg Lippert, vice president of marketing and advertising for Tulsa, OK-based Mazzio's Corp., which operates 259 pizza units in the Midwest. "But it wasn't terrible, and it was priced reasonably. Because of the number of locations, McDonald's pizza is very accessible. There could be a real discounting war if McDonald's rolls out a pizza."

Incidentally, McDonald's is not the only outsider that sees pizza's potential for building dinner-hour sales. Austin, TX-based Schlotzsky's, a 250-unit sandwich chain, has recently added a 12-in. pizza priced at $3.89. It is available after 4 p.m. in company stores.

Independents and regional chains battle the giants.

INCREASING COSTS. Another factor making the pizza segment more competitive is increasing costs.

"Pizza is becoming much more expensive," says Papa Aldo's Steinman. "The cost of cheese is up, and minimum wage is up. As a result, a lot of operations

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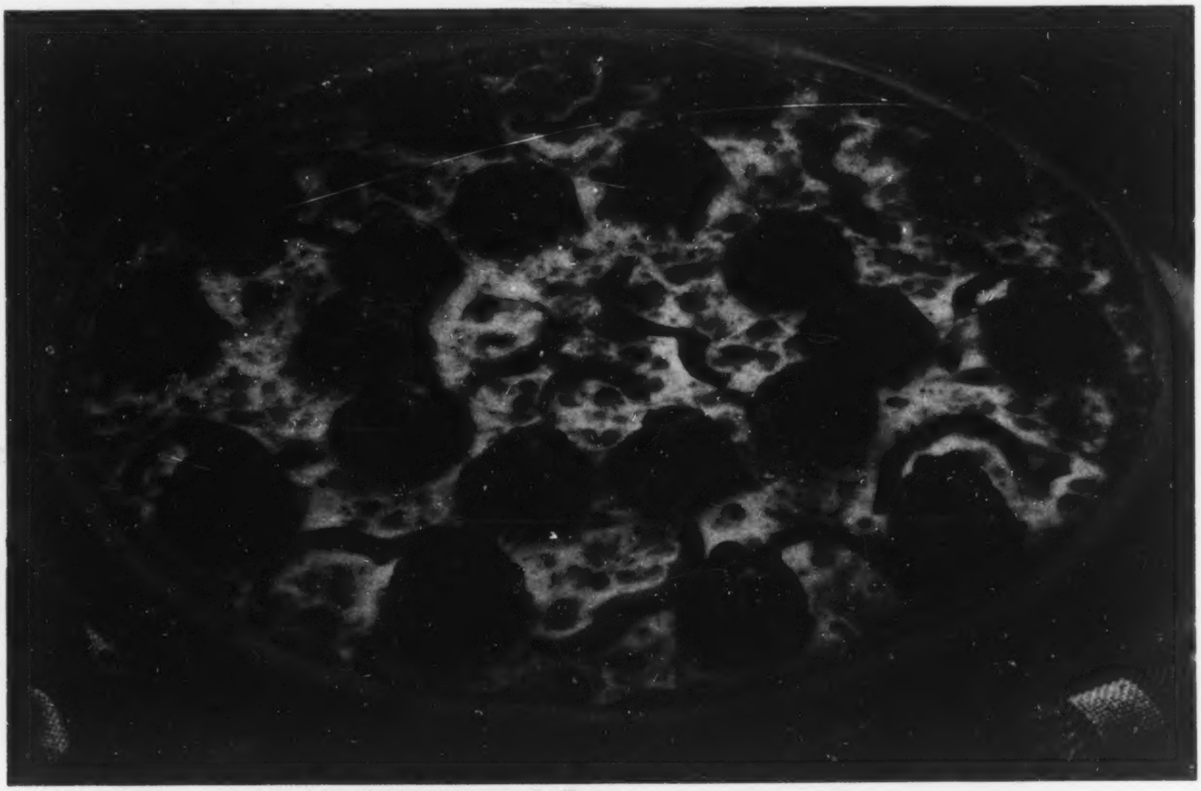
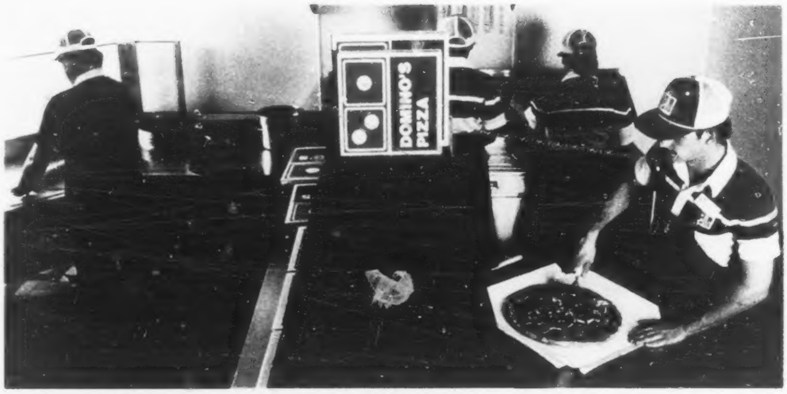


Godfather's newest product introduction is a meatball pizza.

PIZZA

MARKET SEGMENT REPORT



Domino's stakes its reputation on 30-minute guaranteed delivery.

Pizza Hut, Domino's, and Little Caesars own 50% of the pizza market.

offer a smaller size pizza that can be advertised at a cheaper price yet give the impression of value. That value perception is important."

For example, the McPizza is 14 inches, and Little Caesars two-for-one pizzas. Pizza Hut and Papa Aldo's are reportedly testing a downsized 14-in. pizza.

As the large pizza chains have gained power over the last few years, observers notice a parallel to the development of the burger market. While independents continue to hold a significant share of the market, especially in the Northeast, there is no question that large chains are gaining in importance. Some independents are becoming franchisees of the large chains rather than trying to fight them. Others have gone out of business.

Among the chains, a shake out has already occurred. Pizza Inn, once the third largest chain in the country, is in bankruptcy proceedings following its $48 million acquisition by St. Louis-based Pantera Corporation in 1987. The 600-unit chain entered Chapter 11 bankruptcy last fall after two leading lenders decided not to waive the company's debts for 30 days.

A new president, Jeff Rogers, recently came on board. Rogers is former president of Dallas-based USACafes, operator of Bonanza steak houses. Pizza Inn has been said to be seeking buyers for many of its company-owned Pizza Inn units, but Rogers' appointment might indicate that another strategy is under consideration

Some other smaller chains, such as Austin, TX-based Mr. Gatti's, are reportedly in trouble. A few others are on the block.

"The problem is that a national chain has different costs because of economies of scale," says Mazzio's Lippert. "Some regional chains in this area tried a discounting strategy and they followed it to oblivion." A company can't cheapen its product and expect to survive, he says, but that is exactly what some pizza operators tried to do.

The segment leader, the company that helped popularize pizza in every little corner of America, is Wichita, KS-based Pizza Hut. The company, with some 6,000 domestic units and sales estimated at more than $3 billion annually, is a subsidiary of PepsiCo.

For many years Pizza Hut reigned unchallenged over the pizza segment, but in recent years Domino's has started closing the gap.

In response, Pizza Hut has mapped out aggressive expansion plans of its own. The latest development is the purchase of 263 Winchell's Donut outlets, primarily in Southern California, a Domino's stronghold. The units will be converted over the next two years into Pizza Hut carry-out and delivery units.

"Overnight, we'll have a 10% increase in company-owned units," says a spokesperson for Pizza Hut.

The country is also being blanketed with small Pizza Hut units in airports, hospitals, and colleges thanks to a franchise agreement with Washington, DC-based Marriott Corp.

Marriott is selling its Roy Rogers and Big Boy units in a move to get out of the fast-food business. But at the same time, it is becoming a franchisee of Pizza Hut, Mrs. Fields Cookies, TCBY, Nathan's Famous, Burger King, and Popeyes under the umbrella of its contract services division. The various concepts are being opened in different combinations on contract clients' premises.

Pizza Hut has introduced several new products, including a new Sausage Lover's pizza with three sausages. The company's Lover's line of pizzas, piled with extra toppings, includes a Meat Lover's pizza with six different kinds of meat toppings.

In an unusual move for a national company, Pizza Hut is attempting to tailor its marketing efforts to local needs. Pizza Hut is also aiming at children. It is training workers to be more friendly to kids and also offering higher-quality toys.

As part of the effort to attract children, Pizza Hut has signed a partnership with the children's television network Nickelodeon. The company is also building promotions around important sporting events such as the World Series, the Super Bowl, and Little League.

Domino's continues its upward

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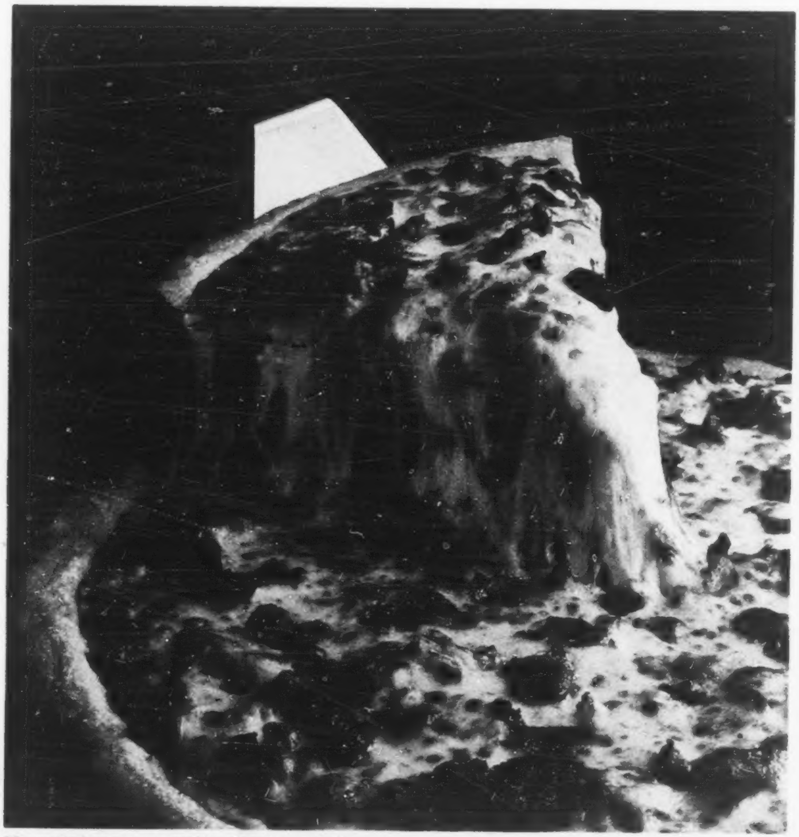
PIZZA

MARKET SEGMENT REPORT



Mazzio's newest offering is a 3-lb. pizza.

march with sales of $2.5 billion in 1989, a nearly 10% increase over 1988. Some 5,222 units generate average unit volumes of $468,000 a year. The company intends to add 400 units in 1990.

"Long range, we'd like to have 10,000 Domino's units in operation," says McDermott.

The company already has units in 20 countries from Australia and Colombia to Taiwan, and future expansion overseas will be proportionately greater than in the U.S., says McDermott. In sheer numbers, however, U.S. expansion will be far greater, with the emphasis on filling in gaps in markets and further penetrating small towns.

The most significant development is pan pizza, Domino's first new product since the company's inception. Introduced systemwide in April 1989, pan pizza was a response to customers' demands, says McDermott.

The pan pizza bakes in the same amount of time as the original crust pizza. The major challenge was developing a pan and dough that could be used without major renovations to units, and McDermott says the company went through literally dozens of pan designs to achieve that goal.

In June 1989, founder Tom Monaghan moved to the position of chairman and chief executive officer, promoting former vice president of operations Paul David Black to president. Monaghan has long been interested in philanthropic causes, and wants to spend more time on charitable work.

All the segment players fear a McDonald's McPizza.

McDermott notes that sales continue to be strong, with the company posting one of its strongest Januaries on record because of a special price promotion that boosted sales 7%.

TWO FOR ONE. Farmington Hills, MI-based Little Caesars Pizza has made a name for itself by offering two-for-one pizzas, and the company now ranks as the third largest in the pizza segment with 1989 sales of $1.13 billion. Sales in 1990 are expected to reach $1.5 billion, says Lisa Ilitch-Murray, vice president of national training and corporate communications.

The company currently operates 2,700 units, two thirds of them franchised. Some 3,300 units are expected to be open by the end of 1990, with market penetration to continue in all states and major cities. The greatest number of units is located in the Midwest.

Little Caesars network advertising is designed to help create customer awareness of Little Caesars and emphasize value. "We really own that niche," says Ilitch-Murray.

Little Caesars hasn't added any new products since 1988, when the Baby Pan Pan made its debut. Baby Pan Pan consists of two 6-in.-sq. pizzas. The Pan Pan, a deep-dish pizza, was introduced earlier that year.

Omaha, NE-based Godfather's Pizza continues to show solid growth. The 512-unit chain, under Herman Cain's leadership, posted sales of $225 million for fiscal 1989, with average unit volumes at $438,000. That is an increase over previous years, according to Steve Frisbie, public relations manager.

Godfather's was purchased from parent Pillsbury in September 1988 in a le-

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veraged buyout by Cain and his management team. Since then the focus has been on the basics, ensuring that Godfather's offers consistent service and quality.

Godfather's units are spread across 38 states, with concentrations in the Northwest, Southwest, and Southeast. Most units deliver, with delivery making up 30% to 35% of sales.

Newest product introductions are a meatball pizza and a barbecued beef pizza, which are being rolled out in several markets. More products are in the research phase, according to Frisbie.

TAKE-AND-BAKE. A variation on carry-out and delivered pizzas is the take-and-bake pizza, which customers pick up to cook in their own ovens. Papa Aldo's is an example of such a concept, with 90 units now open. Most are located in the western U.S., but two are open in Japan and eight in Canada.

"We were looking for a unique marketing niche in a very competitive segment," says Steinman. The company has made its reputation on value; a 10-topping pizza weighs over 5 lb., and the ingredients are all fresh. Yet prices are often 20% less expensive than competitors' cooked pizza.

Papa Aldo's offers pizza that is made in the store and customized for each customer. Thin, thick, and deep-dish pizzas are available. Many units also offer fresh salads and frozen yogurt.

Steinman says that take-and-bake operations are less labor intensive than standard pizza units. Also, most stores are 1,000 sq. ft., and are usually located in strip centers. Startup costs are $80,000. Average unit volume is $250,000, says Steinman.

Papa Aldo's has arranged with several video store chains to put units as close as possible to new units, says Steinman. The company is also concentrating expansion in small towns. Is delivery in the future? Not likely, says Steinman. "We'll let Pizza Hut and Domino's fight it out."

Canoga Park, CA-based Ameci Pizza & Pasta undercuts its competition by preparing a large cheese pizza in 5½ minutes, priced at $3.99. Ameci bills itself as fast Italian food, and owner Nick Andreanos has an assembly line that makes doughballs into oven-ready pizzas in 28 seconds; a conveyor oven bakes the pizza in five minutes. An efficient assembly area includes a pizza line and a separate line with a stove, a steam table, and a deep fryer.

Andreanos claims that Ameci's has been able to compete against the big chains because it does a big volume business—25,000 pizzas a week—with its low-priced pizza. Thus, Ameci's is big enough to bargain with suppliers for good prices.

"I think we scare even Domino's with our $3.99 pizza," he says.

The 23 units also offer a full menu of lasagna and pastas, salads, and submarine sandwiches. All items are made fresh on the premises. A half-gallon bucket of spaghetti is priced at $5.99.

There is no inside seating. About 40% of sales come from delivery; 60% are carry-out. The three company-owned and 20 franchised units are all located in strip centers. Andreanos says that the company has found the most success in smaller communities such as Palmdale, Lake Forest, and Camarillo, CA. Com-

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Several chains are downsizing pizzas for a better price/value perception.

Olive's
Gourmet
Pizza

Olive's owner Craig Cooper calls his product "San Francisco-style pizza."

pany sales reached $9 million in 1989.

Ameci's has boosted sales by tapping into the school lunch market. The company supplies 30 to 40 private schools in the San Fernando Valley.

Another small company that has clearly delineated itself is Albuquerque, NM-based Nunzio's. Three brothers—Frank, Nick, and Tony Casale—are owners of the five-unit Nunzio's Pizza chain. They have recently launched Nunzio's Express, which offers individual pizzas baked in just one minute and priced at $1.79.

The Express unit has two drive-thru lanes, and customers order at menu stations equipped with two-way video systems. The building is designed to sit on tiny parcels of land. It consists of a glass-walled kiosk on the ground floor, with cash registers and beverage stations. Spreading above the kiosks is a wing-like kitchen. Conveyors transport the 8-in. pizzas from the kitchen down to the ground level. Drive-thru lanes pass under the kitchen.

The Casales spent $1 million and five years to develop the concept. A special oven cooks pizzas in one minute, and can produce 350 8-in. pizzas an hour.

UPSCALE. In order to compete, some operators have opted to offer a more upscale product. An example is San Francisco-based Olive's Gourmet Pizza, which offers sit-down service plus delivery and take-out. Owner Craig Cooper calls his product "San Francisco-style gourmet pizza."

Pizza Hut is the segment leader with 6,000 units.

"I added cornmeal and Italian olive oil to pizza crust for more texture and flavor," he says. "I started out with the typical cheese, tomato sauce, and sausages. But since there are no rules for pizza, I added toppings like escargot, salmon, cilantro, pesto, sun-dried tomatoes, and roasted garlic."

Olive's Southwestern pizza might be topped with fresh sweet corn, jalapeño peppers, tomatillos, and cilantro salsa.

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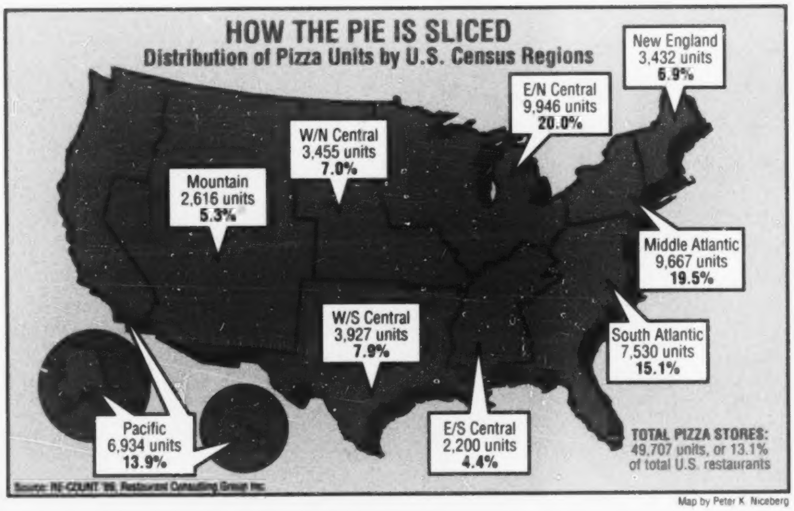
NUNZIO'S EXPRESS · NUNZIO'S EXPRESS
PIZZA · PIZZA
PIZZA · PIZZA

Nunzio's Express prototype features a space-saving drive-thru-only design.

PIZZA

MARKET SEGMENT REPORT


HOW THE PIE IS SLICED
Distribution of Pizza Units by U.S. Census Regions
New England 3,432 units 6.9%
E/N Central 9,946 units 20.0%
W/N Central 3,455 units 7.0%
Mountain 2,616 units 5.3%
Middle Atlantic 9,667 units 19.5%
W/S Central 3,927 units 7.9%
South Atlantic 7,530 units 15.1%
Pacific 6,934 units 13.9%
E/S Central 2,200 units 4.4%
TOTAL PIZZA STORES: 49,707 units, or 13.1% of total U.S. restaurants

Source: RE-COUNT '89, Restaurant Consulting Group Inc.

Map by Peter K. Niceberg

There are 49,707 pizza units; most are in the East/North Central region.

THE BIG THREE

Company Name	No. of Units	Avg. Unit Volume	1989 Sales
Pizza Hut (PepsiCo) Wichita, KS	**6,500**	**$520,000**	**$3.0 billion**
Domino's Ann Arbor, MI	**5,222**	**$468,000**	**$2.5 billion**
Little Caesars Farmington, MI	**2,700**	**N/A**	**$1.13 billion**

A French pizza might feature sautéed escargot with mushrooms and onions sautéed in red wine, with cheese and garlic. Cooper has also experimented with Asian, Mediterranean, and Greek pizzas.

Ninety different pizzas now rotate on a regular basis. Eight pizzas are featured daily, along with two pastas, a calzone, two mixed green salads, and a vegetable salad. Also on the menu are sandwiches, such as a mesquite-grilled eggplant sandwich with smoked mozzarella and roasted red peppers on an Italian roll. The restaurants also offer wine and beer.

Instead of fully baking pizzas for take-home or delivery, they are "half-baked," so customers can finish baking them at home. The first Olive's opened in 1985. A second unit opened in Austin, TX, recently. Cooper intends to franchise the concept.

EMPHASIZING QUALITY. A company that has fought the giants by delineating an entirely different niche is Mazzio's Corp., formerly Ken's Restaurant Systems. The company operates 259 units in the Midwest; only 59 of them are still Ken's.

The original Ken's was an early Pizza Hut clone with a low-priced pizza and utilitarian decor. "There was no reason to come to Ken's, because Pizza Hut did it better," acknowledges Lippert.

The newer Mazzio's concept is altogether different, with upscale decor (brass, neon, awnings) and a high-quality, toppings-laden pizza. The newest offering is a 3-lb. pizza, and last summer a line of specialty pizzas was offered. Varieties include Cajun, Mexican, seafood, crab and shrimp, and ham and cheddar pizzas. One pizza even featured an oat-bran crust.

"We have to be clearly differentiated from Pizza Hut, Domino's, and Little Caesars. We can't win going head to head," says Lippert. "That's why we spend money on decor and product, to become a destination location."

As a result, sales are strong and growing. Delivery has been initiated, but mainly to generate incremental sales. "Our tactic is to maintain our dine-in business and increase sales by delivery," says Lippert. "We think there is a danger in being too skewed to delivery, because then we're too vulnerable to a Pizza Hut or Domino's."

SEEKING A STRATEGY. South San Francisco, CA-based Shakey's Pizza Restaurants is facing the challenge of competing in the tough pizza segment under new leadership. Bought last year by Singapore-based Inno-Pacific Holdings Ltd., both Shakey's Inc. and Shakey's International Ltd. are now under the same ownership. Former Skipper's president Gene Stone has been named president of Shakey's Inc., while Russell Fredrickson leads Shakey's International Ltd.

Observers say that Stone's challenge is to retool Shakey's concept. The chain is saddled with very large outlets, at a time when competitors are focusing on

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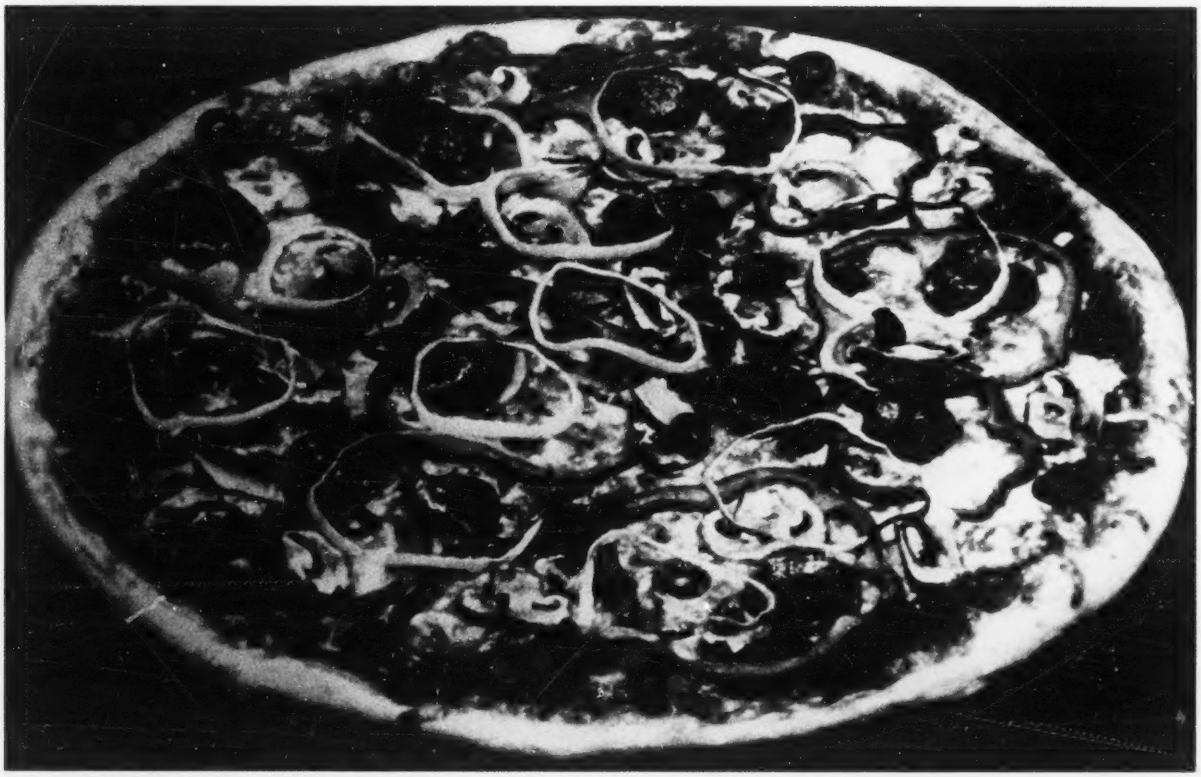
PIZZA

MARKET SEGMENT REPORT



Ameci Pizza & Pasta serves a pizza in 5 ½ minutes, priced at $3.99.

smaller streamlined units. Shakey's also offers an all-you-can-eat luncheon buffet, which is counter to segment trends.

Shakey's also has too many units in too many markets. Because of the competitive nature of the business, the company would be better served if its 217 domestic units were clustered in certain markets for maximum penetration, rather than scattered helter-skelter.

Until recently, Shakey's boasted only one corporate-owned unit. That recently changed dramatically when the company bought Monarch Foods Inc., a Shakey's franchisee owned by Gordon Apker. The largest franchisee operation in Shakey's domestic system, Monarch Foods operates 20 restaurants in Washington—primarily Seattle—and Alaska.

Stone says that the goal of building the base of company stores is to be able to "lead by example through the building of new company restaurants or the acquisition and development of other sites, whether they are our own franchisees' or competitors'."

In addition to the domestic units, over 130 units operate internationally under Shakey's International Ltd. Shakey's corporate offices were recently relocated from Dallas to South San Francisco to better organize domestic and international divisions.

Today, pizza is such a mainstay of foodservice that even a few hotels have made pizza available to guests.

Participating Hyatt Hotels and Resorts promote the pizza, called "Front Row." Guests can order a pizza and to their room for a late-night snack or on-the-run meal.

Guests simply call the Front Row pizza number in their in-room telephone books, and a hot pizza arrives at the room in less than 30 minutes.

THE FUTURE. Although the pizza market is healthy, it is also competitive. Smaller regional chains and independents have to figure out a way to compete against the largest companies. The big companies enjoy economies of scale that smaller operators can't hope for, and their advertising budgets are phenomenal. But there is hope, if the smaller competitors can delineate their niches and serve a need that the Big Three pizza chains don't touch. The going may be rough for the next few years, however. **RB**

c1200-5

RB
RESTAURANT BUSINESS

JUNE 10, 1990
A BILL PUBLICATION

INDEPENDENT ST★RS
KINGS COURT L.A.
ELBA CHARMS AUSTIN

TRASH CLASH UPDATE

SEAFOOD BRIDGES
TROUBLED WATERS

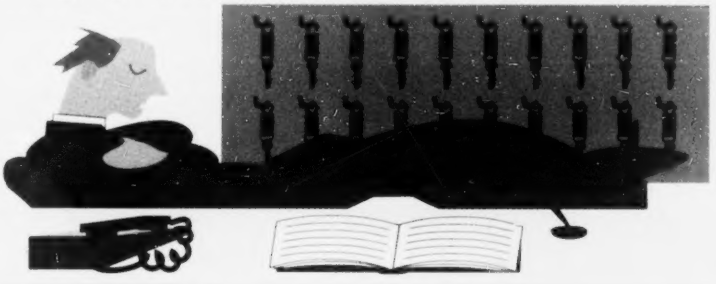
SANDWICH IDEAS
STACK UP

Can Max & Erma's Rebuild?

THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER

Lodging Faces Continued Oversupply

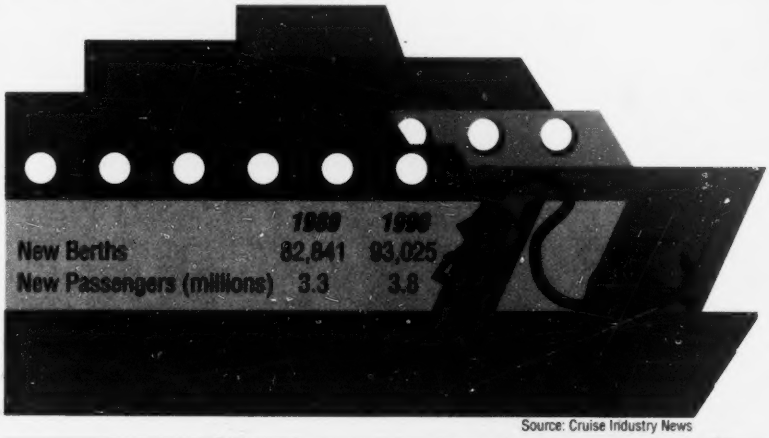


	1990	1991
New Rooms Added	73,000	70,000
New Room Demand	37,799	59,425

Source: Wertheim Schroeder (Estimate)

The oversupply of hotel rooms continues to plague the hotel industry this year as the number of new rooms is expected to exceed demand by nearly 50%. An estimated 73,000 new rooms are projected for 1990, while there will be a demand for only an estimated 37,799 new rooms. The surplus trend is expected to continue in 1991.

Cruise Business Buoyant

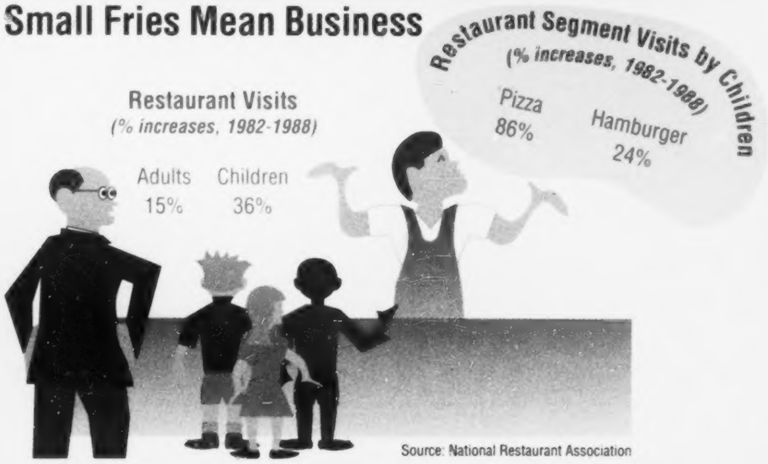


	1989	1990
New Berths	82,841	93,025
New Passengers (millions)	3.3	3.8

Source: Cruise Industry News

The much less developed cruise industry is experiencing record growth in both supply and demand. In the North American market, the number of available berths is expected to increase this year from 82,841 berths to 93,025, while the number of passengers taking cruises of two days or longer is expected to jump from 3.3 million to 3.8 million.

Small Fries Mean Business



Source: National Restaurant Association

The number of restaurant visits made by kids under age six leaped 36% between 1982 and 1988, in contrast to a more modest 15% increase for adults. Some 83% of the restaurant visits among children occurred at quick-service establishments, with pizza restaurants, in particular, gaining favor with them. Childrens' traffic at pizza units increased 86%.

Charts by Peter K. Niceberg

RESTAURANT BUSINESS

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COVER STORY: Columbus-based Max & Erma's, page 125.

COVER STORY

TURNAROUND MAX & ERMA'S. Until recently, this Columbus-based company was in a chronic state of disorganization, opening units with no particular long-term goal in mind, adding new menu items without regard to operational necessities, grabbing onto every trend that passed by, and not once turning a profit in its first 15 years of existence. Four years ago, however, all that started to change. The company's new management set to work instilling some order to the small, casual-restaurant chain, upgrading site selection and unit design, and standardizing menus. 127

Cover photograph by Paul Poplis; Illustration by Mike Senett.

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Reprints of the **1989 RESTAURANT GROWTH INDEX** and the **1990 MAJOR FORCES IN FRANCHISING** are available for $5 per copy. Direct inquiries to Editor Peter Berlinski, *Restaurant Business*, 633 Third Ave., New York, NY 10017.

IN THE NEXT ISSUE

COVER STORY **DESIGN DIRECTIONS.**
Savvy operators have discovered that a unique restaurant design can be used not only to create atmosphere, but also to achieve marketing goals and to create a niche. In addition, cutting-edge restaurant designers are meeting restaurateurs' evolving functional and aesthetic needs.

MARKET REPORT **DRIVE-THRU/DELIVERY.**
With the growth of off-premise foodservice still rising, this segment offers great opportunity for operators who choose to cater to the convenience-hungry consumer. Tasty, fresh, and healthful foods are especially big sellers.

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DRAFTS **LOW/NO ALCOHOL DRINKS.**
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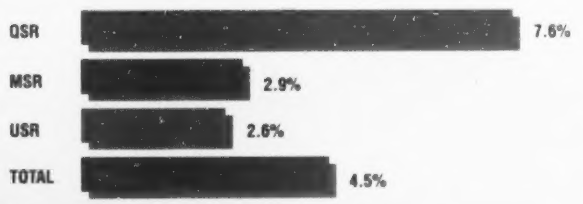
FAST FOOD OUTPACES INDUSTRY GROWTH



Nominal Growth in Retail Sales 1989 vs. 1988

1989 was a slow year, with relatively weak nominal growth in all segments but fast food. Restaurants posted 2.9% nominal sales growth (a decrease of 1.6% in real terms, factoring out inflation of 4.6%). Fast food was the winning growth segment, with a nominal sales increase of 7.6% and real growth of 2.9%. This helped steady eating and drinking place sales to 4.5% nominal growth (0.0% real). The forecast calls for some improvement in 1990: Restaurants' predicted 1.0% real growth, combined with a healthy 3.0% jump for fast food, which should drive the industry into modest 2.0% real growth.

SOURCE: U.S. Department of Commerce, Bureau of the Census

STEVE HULL

Fuddruckers Brings Burgers To the Dardanelles

Fuddruckers Inc., the 116-unit, Wakefield, MA-based upscale hamburger chain, has opened its first franchised store in Turkey. The four-level, 200-seat operation opened on the busiest shopping street in Istanbul, Turkey's largest city.

"Istanbul has a population of 8 million," says Fuddruckers' chairman Terry Vince, "and we see a marketable customer base of two million people." The unit is owned by Yeda Ylyecek Isletmeleri Ye Ticaret A.S. Is., a Turkish copany, which also plans to open Fuddruckers in Ankara and Istanbul.

The Turkish menu is the same as Fuddruckers' U.S. offerings—hamburgers, fries, and chicken sandwiches—with the exception of alcohol. Check averages, at $6 to $8, will be comparable to the U.S.

Revenues, says Vince, are expected to hover around $2 million for the Istanbul outlet's first year of operation, slightly higher than the $1.6 million average among U.S. units. Fuddruckers is owned by daka International Inc.**—D.K.**

continued on page 40

Chefs Cook Up Praise For CIA's Amendola

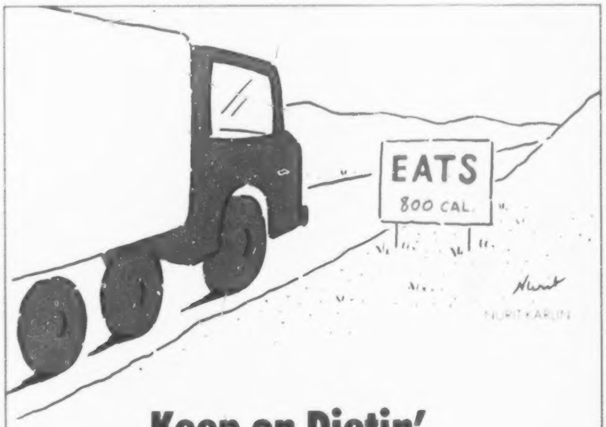
Ten of the country's most renowned chefs, all CIA alumni, paid culinary tribute to a beloved mentor, Joseph Amendola, who is celebrating his 40th anniversary with the Culinary Institute of America (CIA). The chefs prepared a menu of regional American dishes for some 700 alumni and Institute friends who gathered on May 18 at Chicago's Palmer House to honor Amendola. The CIA also instituted a scholarship in his name.

The menu represented an amalgam of several regional American cuisines—California Spa, Northwestern, Southwestern, South Chicago, and New York City. Featured dishes included appetizers such as radicchio tacos with smoked chicken, prepared for the Southwestern menu by Barry Coleman and David Johnson, of Los Angeles' More Than A Mouthful Catering; and polenta rounds with sun-dried tomatoes and romano cheese, by Glenn Wieloski of Chicago's Levy Restaurants.

Other dishes included grilled lamb and brie in puff pastry, prepared by Diana Dillard, of New York City's Rain City Grill; artichoke parfait served with baby greens, vegetables, and cheese from David Burke of New York's River Cafe.

Amendola, who began his CIA career as a bake shop instructor in 1949, eventually moved on to become head of the baking department, assistant dean, dean of students, acting president, and now senior vice president and ambassador, devoting most of his time to cultivating industry contacts for the Institute.

The proceeds from the $100- to $200-a-plate dinner went toward establishing the Institute's Joseph Amendola Scholarship. Another benefit will be held at New York's Waldorf Astoria in September. For information, contact the CIA alumni office, 914-452-9600, ext. 1401.**—Diane Kochilas**



NURIT KARLIN

Keep on Dietin'

Truckers can lighten their load—on themselves, that is—thanks to the "Power Food" menu now found at Unocal 76 Auto/Truckstops. The menu, featured as an alternative in 60 of the chain's 145 truckstops, meets health standards set by the American Heart Association with its low-calorie healthy cuisine, countering the high-cholesterol, high-fat fare found in truckstops.

The Power Food program was created in part because many truck drivers are overweight, according to Tom Guiney, Unocal's manager of restaurant and food programs. They also are increasingly becoming concerned about their diets.

"Truck drivers are interested in their health. In a recent survey, 58% of them said they wanted to see healthier items on our menu," explains Guiney.

Items include whole wheat french toast, tuna salad platter, halibut steak, and sliced chicken breast salad. A registered dietitian consults with Unocal on the menu. **—Lori Barker**

TRASH CLASH

UPDATE

By James Scarpa

Twenty years after Americans first celebrated Earth Day, public concern for the environment is pressuring lawmakers to finally do something to remedy the solid waste problem. Foodservice interests are spreading the recycling gospel in an effort to head off further packaging bans.

To date, 24 states and the District of Columbia have passed recycling laws involving 10 million households. Forward-thinking operators around the country are beginning to recycle glass, paper, metal cans, and plastics. Polystyrene foam is being recycled in McDonald's restaurants in New England.

Several recent governmental decisions offer hope that lawmakers are realizing that the problem demands far more than the legislative "quick fix." However, ban proposals continue popping up in communities around the nation.

On the plus side, a New York State appeals court recently overturned the Suffolk County ban on polystyrene foam packaging because the county failed to do its homework—an environmental impact statement considering all the effects. The Minneapolis and St. Paul, MN, bans on plastic food packaging have been postponed from July 1, 1990 to January 1, 1991, acknowledging the practical difficulties food sellers will face in switching from polystyrene to paper. The city council of Austin, TX, tabled a polystyrene foam ban proposal after studying the packaging and deeming it environmentally sound.

SOLID WASTE DISPOSAL

Approximately 8,000 municipalities and private trash haulers pick up our country's garbage. At present, private companies serve around 60% of all households and remove more than 90% of the nation's commercial refuse. Most of this waste is deposited in landfills.

	1960	1970	1986	1988	1992
Landfills					
Volume*	81.7	112.1	131.2	124.6	119.6
%**	93	93	83	76	69
Recycling					
Volume	5.8	8.0	16.9	17.7	19.5
%	7	7	11	11	11
Waste to Energy					
Volume	–	0.4	9.6	20.2	33.4
%	--	1	6	13	19
Totals					
Volume	87.5	120.5	157.7	162.5	172.5
%	100	100	100	100	100

* in millions of tons per year

**data has been rounded; figures may not add up to 100

SOURCE: National Solid Wastes Management Association (NSWMA)

Operators have started recycling to head off further packaging bans.

In Portland, OR, the polystyrene ban has raised the operators' packaging costs as much as 50%, reports Mike McCallum, director of government relations for the Oregon Restaurant Association (ORA). Ironically, the ban has had the opposite effect than intended. "We had set up a recycling program, and operators collected bags of foam regularly," reports Ted Hughes, counsel for McDonald's in Oregon. "Now they've switched to paper, but it all goes into the landfill."

NEW INITIATIVES. Environmental groups in Oregon, Massachusetts, and California are petitioning for ballot initiatives on recycling this fall.

Among the stipulations of the Oregon initiative are that foodservice packages be recyclable at least five times and contain a specified amount of recycled materials. It is "essentially a ban on most packaging products," claims ORA's McCallum. He forecasts less convenience, higher costs, and unavailability of certain food products to consumers. Yet initial polling by the proponents indicates that 87% of Oregonians would favor a recycling bill, he says.

In Berkeley, Santa Cruz, and Carmel, CA, where polystyrene bans have been enacted, operators "are generally frustrated, because they have demonstrated steps to manage their packaging waste," says Michele Egan, government affairs assistant of the California Restaurant Association. "But the people in those places are only interested in bans."

EXCAVATION STUDIES. Whether the public and lawmakers accept it, the industry now has more scientific basis to dispel misconceptions. For instance, excavations of landfills indicate that fast-food packaging accounts for only one-quarter of 1% of landfill solid waste, according to studies by University of Arizona professor William L. Rathje. And, according to data from the EPA and the National Solid Waste Management Association, all plastics

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CHARTS BY STEVE HULL

PlasticsAgain

At Plastics Again, Leominster, MA, Tom Tomascek holds recycled polystyrene pellets.

Landfill excavations show that fast-food packaging is less than 1% of volume.

account for 7.3% by weight after recyclable materials are removed. The major culprit is paper, accounting for 35.6% by weight of solid waste after recycling.

Research by the University of Wisconsin-Stout in Menomonie, WI, and the TFC Corp. shed additional light on the solid waste stream and the problem of rising waste control and disposal costs. The university studied the solid waste produced by eight Wisconsin foodservice operations representing the fast-food, full-service, and institutional segments. The study revealed a consistent 30% to 35% proportion of recyclable materials (cans, bottles, and plastics) in the solid waste of these operations. However, fast-food restaurants had by far the largest proportion of paper waste, with 65%, compared to 44% for full-service and 40% for institutional. Food waste, such as leftovers and trimmings, amounted to only 5% of fast-food waste, but accounted for 21% in full service, and 23% in institutional.

The study also showed that the monthly labor cost of waste control amounted to $300 for fast-food, $400 for institutional, and $600 for full service units studied. The monthly hauling cost amounted to $260 for institutional, $75 to $350 for full-service, and $250 to $300 for fast food.

McRECYCLE. Oak Brook, IL-based McDonald's Corp. is launching an aggressive recycling campaign to help alleviate the country's solid waste problems. The recently announced McRecycle USA program intends to make McDonald's the nation's largest market for recycled materials.

The program earmarks $100 million to purchase recycled materials for use in the 375 new and 1,000 remodeled restaurants that McDonald's adds each year, toward a goal of at least 25% of annual expenditures on materials. In addition, it is setting up a national information center to register suppliers of recycled goods and disseminate information.

McRecycle is likely to motivate new uses for recycled materials, and also spur on municipalities to include plastic in their curbside recycling plans. Already, new and renovated McDonald's Playlands are being resurfaced with flooring made from old automobile tires. In time, some 400 stores annually will have it installed.

The foam recycling test that McDonald's launched in New England is the largest ever in the industry. Plastics Again, a 21,000-sq.-ft. facility in Leominster, MA, with an annual recycling capacity of 6 million lb. of polystyrene, is recycling the foam waste of more

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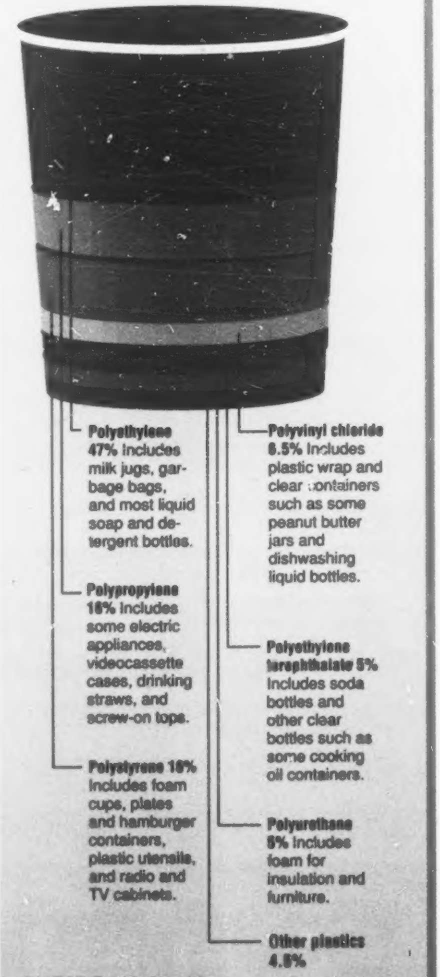
PLASTIC WASTE

Types of plastic in municipal solid waste, by weight



SOURCE: Franklin Associates

SOLID WASTE AFTER RECYCLING

Since 1970, the nation's waste stream has changed considerably. Even after recyclable materials are removed, such changes are likely to continue until the end of the century.

	Paper and paperboard	Glass	Metals	Plastics	Rubber and leather	Textiles	Wood	Food waste	Yard waste	Other	Total
1970											
Amount*	36.5	12.5	13.5	3.0	3.0	2.0	4.0	12.8	32.2	1.9	112.5
%	32.4	11.1	12.0	2.7	2.7	1.8	3.6	11.4	20.6	1.6	100.0
1986											
Amount	50.1	11.8	12.6	10.3	3.9	2.8	5.8	12.5	28.3	2.7	140.8
%	35.6	8.4	8.9	7.3	2.8	2.0	4.1	8.9	20.1	1.8	100.0
2000											
Amount	66.0	12.0	14.4	15.6	3.8	3.3	6.1	12.3	32.0	3.3	168.8
%	39.1	7.1	8.5	9.2	2.3	2.0	3.6	7.3	19.0	1.9	100.0

SOURCE: NSWMA

* in millions of tons per year

than 250 McDonald's, as well as schools and institutions. Approximately 25 McDonald's units are joining the program each week. In time, the facility will handle 450 units. When additional plastic recycling plants open around the country, McDonald's will expand the program. By early 1991, a projected 2,000 units will be involved; by the end of 1992, all of McDonald's U.S. units will participate.

"Recycling in 450 restaurants means that 10 million customers each month will be exposed to the message," says Shelby Yastrow, McDonald's senior vice president, general counsel, and director of environmental affairs. "Even if only 1% take it to heart, that's a large gain."

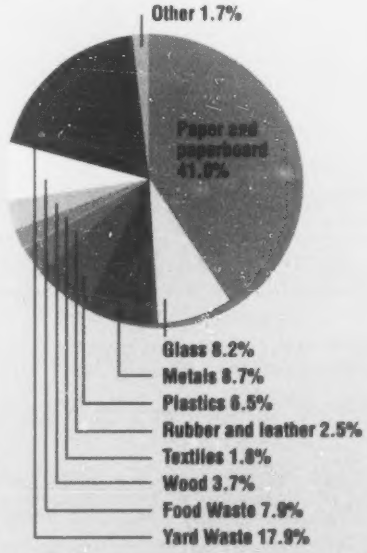
VOLUNTARY COMPLIANCE. Customers are asked to voluntarily put their polystyrene foam sandwich boxes, utensils, salad containers, and hot drink and sundae cups in special trash bins marked "for recyclable plastic only."

Compliance is about 75% of customers, says Yastrow. "People don't always do as good a job as we'd like, but they're trying, and they're not resentful about it," he adds.

McDonald's is involved in other recycling activities as well. In Brooklyn, NY, 25 McDonald's stores are sending foam disposables to Polystyrene Recycling Inc. Elsewhere, 1,000 McDonald's stores are recycling corrugated cardboard shipping cartons, says Yastrow. Moreover, already the largest user of recycled paper in the restaurant industry, McDonald's is now using corrugated cardboard cartons that have a 50% content of recycled newsprint.

WHAT'S IN OUR GARBAGE?

According to the EPA, our waste stream includes several major components. The total amount is 157.7 million tons.



SOURCE: NSWMA

Data were calculated for 1986.

McDonald's is making aggressive attempts to solve waste problems.

COMPOSTING. Kentucky Fried Chicken has joined with a recycling company to test recycling and composting as a means of reducing the solid waste of two Leominster, MA, stores. The test will separate and recycle polystyrene and other materials. The remaining nonrecyclable paper waste and food waste are to be composted into soil. The paper materials include buckets, plates, cartons, tray liners, napkins, and "essentially all papers that are not polymer-coated," says Glen White, senior research and development engineer. By fall, KFC hopes to decide on the feasibility of expanding the trial.

Other forward-thinking operators are beginning to recycle. The 2,033-room Chicago Hyatt Regency hotel has cut its average $200,000 disposal cost roughly in half by means of a comprehensive recycling program that it set up last summer with a local recycling company, which maintains offices and staff on the property. Dumpster "pulls" are down from an average of 36 per month prior to about 20 visits per month this year. If good results continue, Hyatt may expand recycling to all its hotels before long, according to general manager Rick Adie.

TRASH STREAM. The Chicago Hyatt's recycling program separates aluminum, glass, cardboard, plastics, computer paper, and office paper in all hotel

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DECLINING LANDFILL CAPACITY

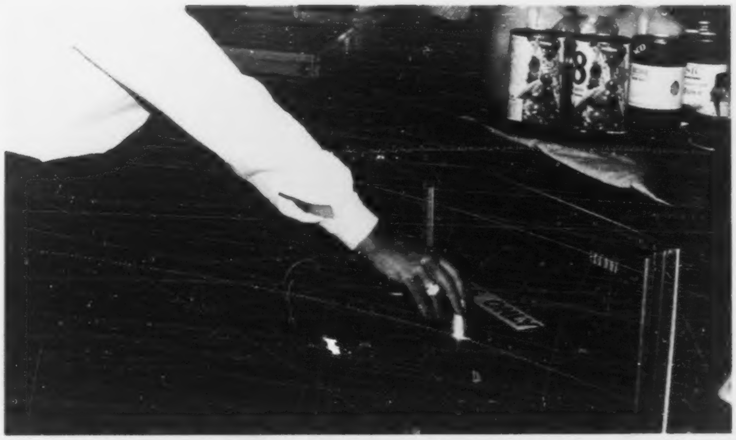
The "capacity crisis" has become a significant concern around the country, particularly in the Northeast. According to the EPA, for example, more than half of our existing landfills will reach their capacity within eight years. The total number of landfills is 6,034.

Full Capacity (in years)	No. of Landfills	Percent
0	535	9
1-5	2167	36
6-10	612	10
11-15	1126	19
[illegible]	[illegible]	[illegible]
20+	1235	20
Total	6034	100

Data were calculated as of 1986.

SOURCE: NSWMA

Remedies for solid waste management have come into focus in 1990.



A bartender separates glass bottles for recycling at Hyatt Regency, Chicago. The property has cut its disposal costs in half from its recycling program.

departments from its 7.2 million lb. annual trash stream. The first three materials are the principal components of the trash stream from the hotel's five restaurants and three bars.

In the hotel's lobby restaurant-bar, Scampi, servers separate glass bottles by color and save aluminum cans in marked bins, which are later transferred to large wheeled containers and brought to the hotel's recycling center. There, glass is crushed and aluminum is compacted into cubes and cardboard is baled. Next they are loaded into semitrailers for distribution to glass and aluminum mills.

Since no feasible market exists for the 100 to 200 lb. of plastics that the hotel generates each day, it is stockpiling plastic in semitrailers, in anticipation of the opening later this year of a local plastics processor.

INDEPENDENT STRATEGY. Recycling paper, glass, tin, and aluminum saves independent operator Bernard Schreiner of Schreiner's Restaurant, Fond du Lac, WI, $50 to $100 per month in disposal costs. It also saves the landfill 60% of the 28,000 lb. per month he formerly deposited. Last year, he became the first operator in his area to extensively recycle. He spent about $4,500 to set up his program, including constructing a weather-proof recycling area in back of the restaurant. "It's a small price to pay in comparison to having your landfill close down," he says.

"It's very gratifying to do something about the problem, and to see how well our employees and customers are responding," says Schreiner. He reports that no additional help was required. He trained his 150 employees in separating and recycling procedures.

In comparison to a year ago, practical remedies for the solid waste management problem seem to have come into better focus. However, the political challenges still seem daunting. The problem will be solved only with carefully thought out plans made with the cooperation of the restaurant industry, and by fostering more viable markets for recycled materials. **RB**

TYPES AND PERCENTAGES OF WASTE GENERATED

Kitchen Wastes (by volume): Paper and Cardboard Cartons; Food Cans; Bottles; Leftover Food; Food Trimmings.* **Dining Room Wastes** (by volume): Plastic Foodservice Items; Paper Cups and Napkins; Plastic Juice Containers; Newspapers; Food Left on Plates*; Bottles.

	Food	Paper	Glass	Aluminum	Plastic	Polystyrene Foam	Tin	Recyclable
Institutional	23%	40%	5%	1%	13%	10%	8%	35%
Full Service	21%	44%	12%	4%	14%	2%	3%	33%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

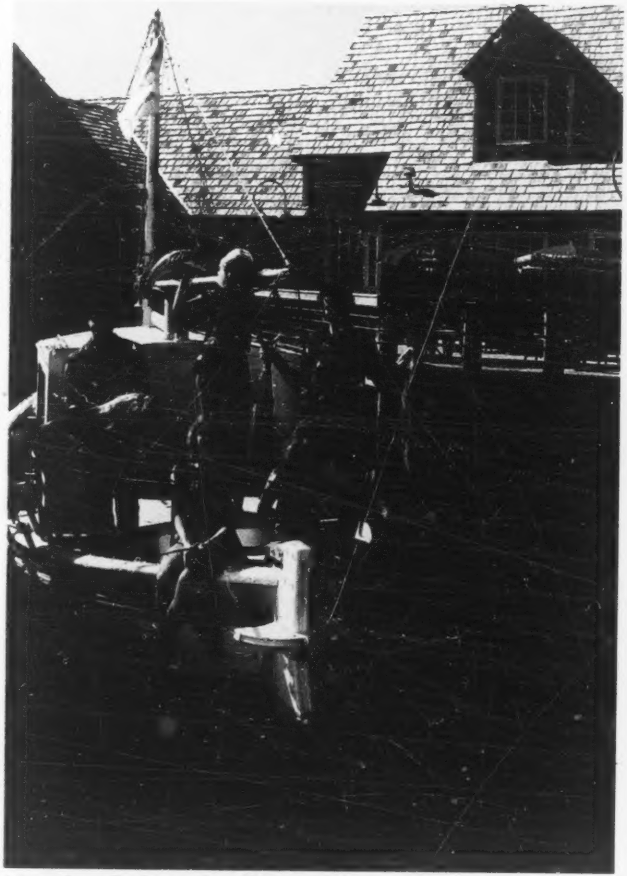
*50% of all food wastes were disposed of by kitchen grinder at all operations.
SOURCE: U. of Wisconsin – Stout, TFC Corp.

MARKET SEGMENT REPORT

SEAFOOD

Rough seas are on the horizon for this stormy segment.

by Carol Casper



Seagull Street Fish Market was landlocked Albuquerque's first independent fish place.

Seafood restaurants today face anything but smooth sailing. In addition to the problems confronting all restaurateurs—rising labor costs, higher overhead, stiffer competition for a shrinking slice of the customer pie—seafood operations have another set all their own, due to the complexities of the product in which they trade. Worldwide supply and demand pressures, volatile pricing, higher food-cost percentages than other entrees, handling difficulties, and stepped up safety concerns all contribute to making seafood operations perhaps the hardest kind of restaurant to run.

"It's a difficult product to work with," points out Steve LaHaie, vice president of Lettuce Entertain You Enterprises (LEYE) and general manager of Shaw's Crab House and Shaw's Blue Crab in Chicago and Deerfield, IL, respectively. "It takes years to accumulate all the knowledge you need. And the business is constantly changing. You have to keep finding new sources of supply."

Procurement is probably the biggest challenge. Seafood is the last major food category that is primarily hunted rather than raised. Also, more than any other food staple, seafood supply depends on a global market.

Growing concerns over seafood safety have further complicated the picture. While media coverage formerly focused on positive health aspects, many recent reports have highlighted dangers like polluted waters and risks associated with raw shellfish.

Although there was a slight decrease in U.S. average per capita consumption of fish and seafood in 1988, from 15.4 lb. to 15 lb., this dip followed a period of five years in which per capita consumption grew an aggregate 25%, points out Clare Vanderbeek of the National Fisheries Institute, Washington, DC. Moreover, much of 1988's decrease was precipitated by the lower value of the dollar that year, resulting in diminished supply and higher prices rather than by a loss of American interest in eating seafood. Also boding well for the seafood segment is the fact that over 65% of seafood is consumed outside the home, according to Vanderbeek.

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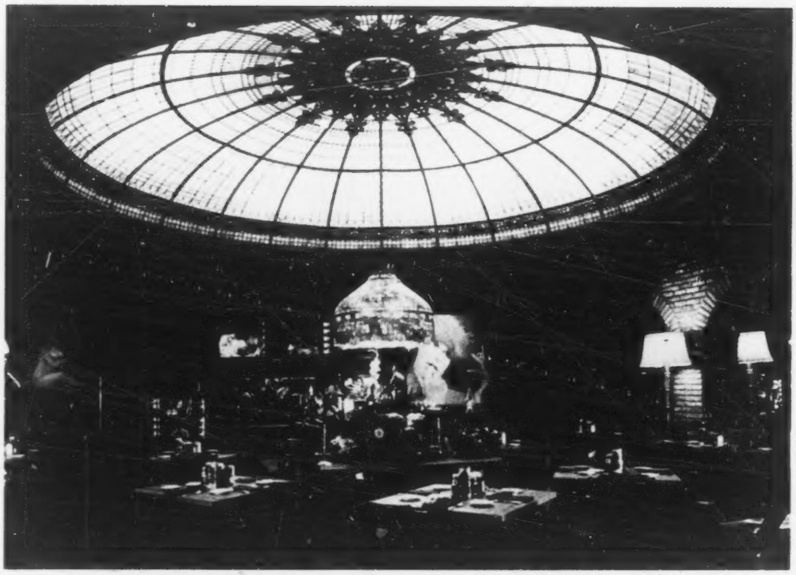
MARKET SEGMENT REPORT

SEAFOOD



Gilbert/Robinson's seafood houses try to avoid a "chain" look.

Challenges include volatile supply and pricing, and safety.

According to RE-COUNT data supplied by the Restaurant Consulting Group Inc., Evanston, IL, the number of fish and seafood restaurants in the U.S. increased 6.2% from mid-1988 to mid-1989. The new openings helped seafood's share of the market inch up slightly to a little over 2.9% of total U.S. restaurants.

INSPECTION. Many restaurants, from giants like Red Lobster and Long John Silver's to independents like Albuquerque, NM-based Seagull Street, buy primarily from processors under voluntary inspection. Also, the use of laboratories to test for disease-causing agents is growing beyond large chains. Shaw's, for example, along with the rest of LEYE's operations, contracts with a local lab to perform monthly inspections of its kitchens and has all shellfish as well as any new fresh product tested. Another company with an active safety program is Legal Sea Foods, Allston, MA, which has had its own microbiology lab for five years.

Another trend in many operations is a shift toward healthier preparations—more broiled, fewer fried items, and lighter sauces.

WHALE. "More people are ordering fish broiled or steamed," says Dick Monroe, vice president of public relations for Orlando, FL-based Red Lobster, a division of General Mills Restaurants Inc. The chain offers its units a choice of 50 fresh items each day through its computerized Fresh Fish Hotline. Each manager selects eight to 12 species to feature based on local preferences. The computer then automatically sends his orders to pre-approved suppliers.

Red Lobster offers customers choices through its "create-your-own-platter" options. They allow guests to invent two- or three-item combination plates by selecting from a list of 10 choices such as shrimp scampi, popcorn shrimp, sea scallops, broiled halibut, and langostinos.

Through these programs, plus the printed menu, Red Lobster offers guests well over 100 entree choices. The chain also offers about 25 low-cost luncheon items, priced from $4 to $6, including sandwiches and salads.

Red Lobster's sales increased 25% from 1987 to 1989 while the chain opened 49 new stores. With 450 units in 38 states doing well over $1.2 billion in annual sales, the chain reports that average per-store guest counts increased for the fourth straight year. Checks run $7 at lunch and $12 for dinner systemwide, and annual unit sales average about $2.7 million.

The company plans to continue adding 20 to 25 units per year, targeting California, the Pacific Northwest, the Northeast, and filling in spots in Florida and other major markets.

YO HO HO. Like Red Lobster, developments at Long John Silver's, the second largest seafood chain in annual sales, underscore the still-growing health trend. Although fried foods still make up the bulk of the quick-service restaurants' volume, the company has been testing baked items in the Northeast and plans to roll them out nationally by early 1991.

Last year it experimented with broiled fish in some stores, notes Bruce Cotton, senior vice president, public affairs. "But it was a little too expensive and didn't account for much market share. Our baked items, primarily cod, some halibut and salmon, which are microwaved, are priced more comparably to our fried menu," he notes. Baked items account for 7% to 10% of sales in units where they are being tested.

The chain has switched from Crispy Breaded Fish to a new Homestyle Breaded Fish. In addition to its staple battered cod, other items on Long John

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MARKET SEGMENT REPORT

SEAFOOD

Silver's menu include fried shrimp, clams, seafood salads, gumbos and chowders, and fried chicken.

HIGHER CHECKS. Checks average $4 higher than other fast foods. Long John Silver's currently operates 1,491 units, including 470 franchised shops. Sales for fiscal 1989 totaled $779 million.

The chain's parent, Jerrico Inc., went through a leveraged buyout last August, and terms of the agreement call for a halt in new company-owned units until its capital indebtedness is repaid. So expansion plans for the next few years will concentrate on franchised units, with 25 expected to come on-line in 1990, followed by 50 more in 1991.

Take-out accounts for 38% of sales, a figure the chain hopes to increase by adding several new finger foods now in test. They include smaller pieces of fried fish, Searitos—an egg roll-type item served with dipping sauce—and a smaller fish sandwich.

FAST TAKE-OUT. Another seafood chain eyeing take-out opportunities is Arthur Treacher's Inc., Youngstown, OH. This spring the company announced an agreement in principle with AutoCafe Systems Inc., a Dublin, OH-based franchisor of automated hot-food cooking systems, to develop and license a proprietary double-drive-thru concept using Arthur Treacher's name and products. Arthur Treacher's president James Cataland says the first drive-thru should open in six months.

Arthur Treacher's Fish & Chips currently comprises 99 units, including 75 franchised shops, primarily in the Midwest. A little over half the stores are freestanding, while most newer units are in shopping malls or office food courts. The company plans to continue this direction, with 25 new mall units planned for this year and a target of 50 per year thereafter, says Cataland.

Some popular species are overfished.

FISH MARKET

Weathervane Seafood Restaurants & Markets offer no frills but are full service.

Like Long John Silver's, Arthur Treacher's is trying alternatives to its traditional fried menu. It introduced a broiled cod loin platter this spring with baked potato, mixed vegetables, and a roll priced at $4.29.

BROADER MENU. Captain D's Seafood, a 607-unit chain, is also looking for new menu items to broaden its appeal. It added shrimp scampi this year. Other selections include fried and baked fish, clams, shrimp, chicken fillets, stuffed crab in natural shell, seafood salad, hush puppies, green beans, and fried okra.

This subsidiary of Shoney's Inc. opened five company-owned and 14 franchised units in 1989, for totals of 348 and 259, respectively. Average annual sales for company-owned units grew to $660,000, said by officials to be the highest of any major fast seafood chain. Captain D's reported record sales in 1989 and an increase in pretax earnings of 38% over 1988.

In the Northwest, another fairly large fast-seafood chain is poised to make a move. Skipper's Inc., based in Bellevue, WA, was acquired in November by National Pizza, the Pittsburg, KS-based largest franchisee of Pizza Hut restaurants. Given the new ownership's resources and experience, vice president of marketing Larry Uhl says the chain will soon be aggressively adding company-owned units.

AYE AYE. Skipper's currently operates 202 locations, including 30 franchised units, with systemwide sales of almost

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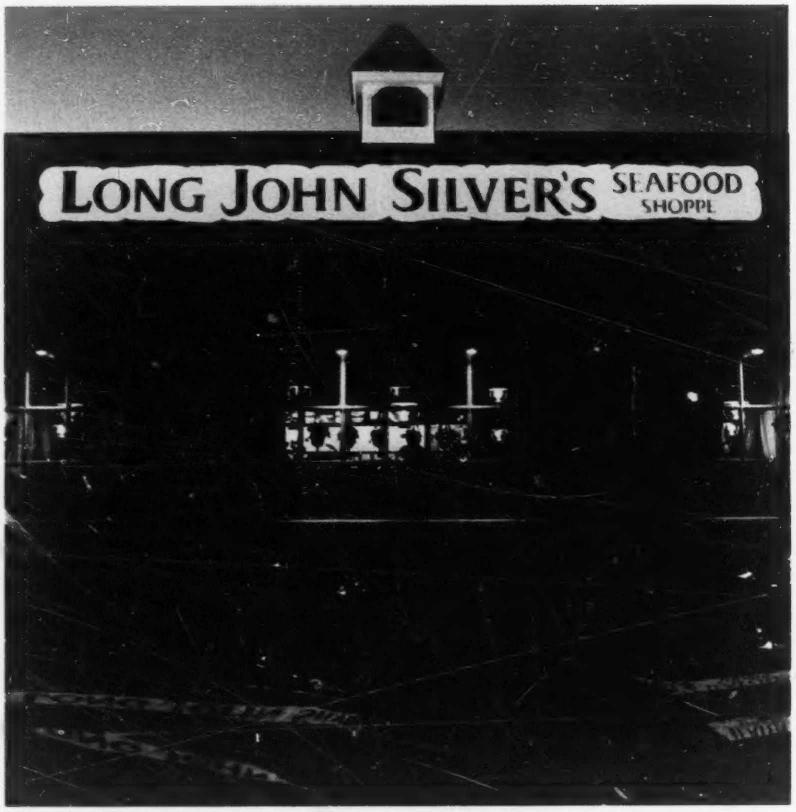
SEAFOOD



Long John Silver's is the second largest seafood chain in annual sales.

Seafood is the last major food category that is caught, not raised.

$95 million. Average annual unit sales are up nearly 7%, to $465,000.

The menu, primarily fried, includes several kinds and sizes of fish fillets, shrimp, oysters, clams, chicken strips, and sandwiches. Meal tickets average $4.50.

Weathervane Seafood Restaurants & Markets is a regional chain based in Kittery, ME. Born of a take-out stand that began operating in 1969, the company opened its 15th sit-down site in Worcester, MA, in January and plans to launch two annually over the next few years.

Located in Maine, New Hampshire, Massachusetts, and eastern upstate New York, units range in annual volume from under $1 million to $4.8 million and totaled $27 million in sales in 1989. About 6% of that is from adjoining retail seafood markets.

UPGRADING. Although the chain will retain its low-cost approach, it is now upgrading some features to provide patrons with "a nic[illegible] [illegible] experience," notes directo[illegible] [illegible]ing Susan Paquette. This [illegible] a switch from plastic bar glasses, plastic utensils, and disposable coffee mugs to "partial dish and glass" in its 12 units. The company wants to keep check averages at their present level, however—$4.75 for lunch and $8.40 at dinner.

Weathervane's menu features about 50 entrees with complete dinners ranging from under $3 to $12.95. Trading on its Maine identity, selections lean to New England favorites such as haddock and lobster.

GRILLS. Moving a little further up the price scale are chains like L&N Seafood Grills, part of the specialty restaurant division of Morrison's Inc., Mobile, AL, and Rusty Scupper and Parker's Lighthouse, owned by Stouffer Restaurant Co., Cleveland.

Morrison's opened five new L&Ns in the past year for a total of 26 and plans to launch another nine in its next fiscal year, notes senior vice president Richard McGeoch. Sales for fiscal '90, ended in May, topped $50 million.

L&N's menu features 10 kinds of fresh fish daily, plus seafood and pasta combinations and gourmet salads. Specialties include Maryland crab cakes and scallops, as well as mesquite-grilled swordfish, tuna, and salmon. Checks average $7.50 at lunch and $14.50 for dinner.

Stouffer's 18 Rusty Scuppers, concentrated in the Northeast and Midwest, garner a little higher check average than L&Ns, and sell a higher percentage of nonseafood items, with sales almost evenly divided between seafood and Certified Angus beef. The menu includes about 20 items, including daily fresh fish selections and other seafood. Entrees run $8.95 to $14.95 for dinner and $4.95 to $9.95 for lunch.

TO THE LIGHTHOUSE. The five Parker's Lighthouses are a bit more casual and put more emphasis on fresh seafood, notes Peggy Anderson, marketing manager. All located on waterfronts, in California, Florida, and Brooklyn, NY, they sell about 75% sea-

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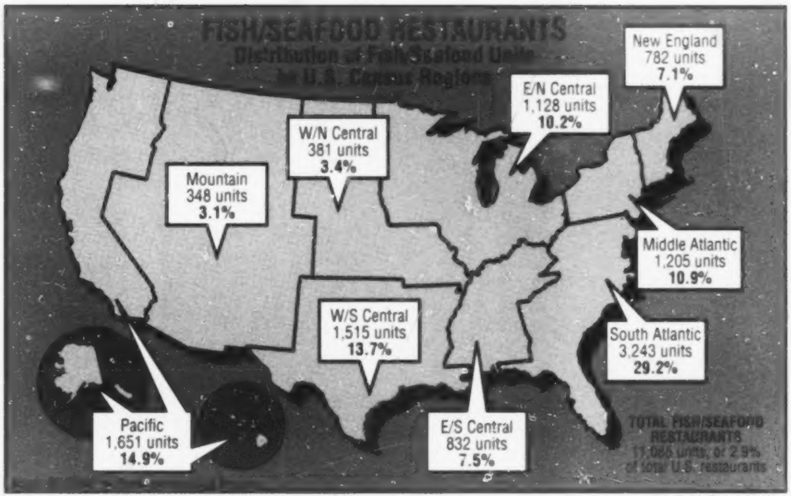
FISH/SEAFOOD RESTAURANTS
Distribution of Fish/Seafood Units by U.S. Census Regions
New England 782 units 7.1%
E/N Central 1,128 units 10.2%
W/N Central 381 units 3.4%
Mountain 348 units 3.1%
Middle Atlantic 1,205 units 10.9%
W/S Central 1,515 units 13.7%
South Atlantic 3,243 units 29.2%
Pacific 1,651 units 14.9%
E/S Central 832 units 7.5%
TOTAL FISH/SEAFOOD RESTAURANTS 11,085 units, or 2.9% of total U.S. restaurants

Map by Peter K. Niceberg

The number of U.S. seafood units increased 6.2% in 1988-89.

THE TOP SEAFOOD CHAINS

Company	Units	1989 Sales
Red Lobster	**480**	**$1.2 billion**
Long John Silver's	**1,491**	**$779 million**
Captain D's Seafood	**607**	**$400 million***

* RB estimate

food, including fresh swordfish, fresh and smoked marlin, wahoo, and several varieties of tuna. Grilling, especially over mesquite, is the most popular preparation, followed by sautéing, Anderson reports.

SEPARATE IDENTITY. A number of seafood chains at the mid- to upscale level actively seek to avoid a chain image. This was the case with Gilbert/Robinson Inc. when it first entered the seafood market in 1980.

"We felt with the check average and emphasis on fresh fish, we didn't want to be perceived as a 'stamped-out chain,' " explains John Bettin, vice president of operations for the seafood division. "We've since decided people don't have that negative connotation," but between then and 1986, the Kansas City, MO-based operator of Houlihan's and Darryl's opened eight seafood houses under four different names.

The first was the Bristol Bar & Grill in Kansas City, followed by another Bristol in St. Louis in 1982. Others include Chequers in Atlanta, Braxton in Chicago, Minneapolis and Secaucus, NJ, and Devon in Washington, DC, and Tyson's Corner, VA.

Expansion plans are currently on hold while the company focuses on building Houlihan's and Darryl's, but that reflects no disappointment in the units' performance. Annual sales average $3.4 million based on check averages of $9 at lunch and $20 at dinner for each location.

NEW PHILOSOPHY. Another upscale chain that originally went with separate identities but has since changed its philosophy is Rusty Pelican Inc. (RPI), San Juan Capistrano, CA. RPI operates a total of 33 restaurants including 21 Rusty Pelicans in California, Oregon, Texas, Arizona, Illinois, Ohio, and Iowa, plus 12 other seafood restaurants under a variety of names. Some of these were added when the company was acquired by Paragon Restaurant Group in 1987 and merged the two firms' seafood restaurants into one operating company. However, several Rusty Pelicans originally opened with other names but were recently converted to fit the company's new approach. Future openings will be mostly, if not all, under the Rusty Pelican name.

RPI plans to expand primarily in the greater Los Angeles area, but is also eyeing San Diego, San Francisco, Phoenix, and Chicago, notes Mike Morehead, vice president, marketing.

Checks average $10 to $12 at lunch and $20 to $23 for dinner, but a new menu is in the works which will "provide lower price points for the upscale seafood market," notes Morehead.

Crab Houses, Miami, is proving that take-out, too, can go upscale. This small chain operates two kinds of units, six full-service Crab Houses and five Captain Crab's Take-Aways in Florida and Atlanta. The latter feature an extensive menu for a take-out operation, and all products are prepared in the stores, notes Gary Scharps, executive vice president.

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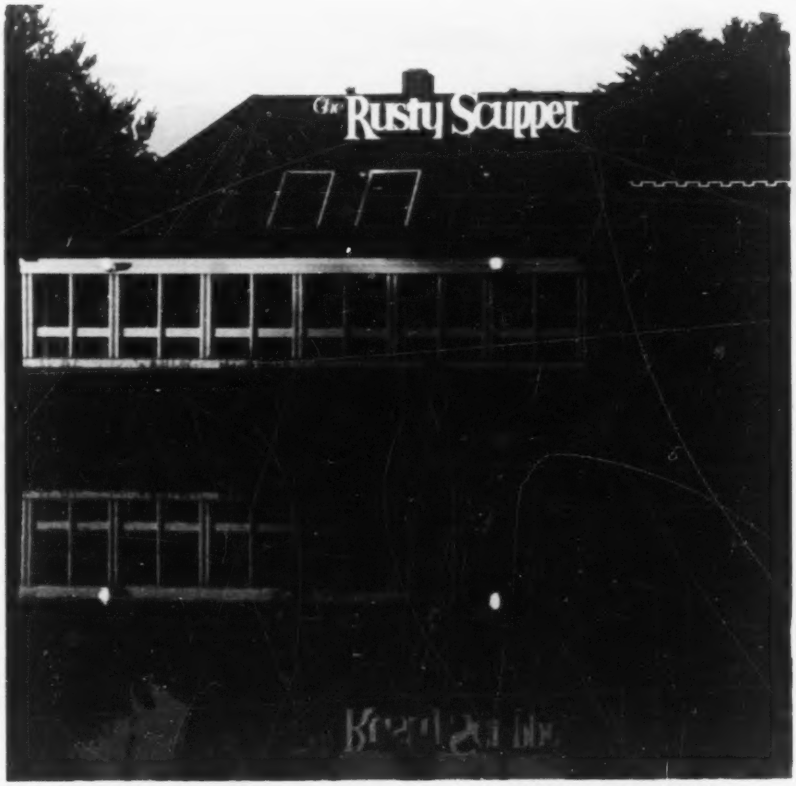
MARKET SEGMENT REPORT

SEAFOOD



Stouffer's 18 Rusty Scuppers are concentrated in the Northeast and Midwest.

A specialty is garlic crab in buckets selling for $5.50 to $22, which account for 50% of sales at the take-aways.

The full-service restaurants' menu is about twice as large as the take-aways, and includes an all-you-can-eat seafood salad bar with oysters and clams on the half shell, mussels, crab, broiled peel-and-eat shrimp, plus about 25 other salad items at a cost of $5.95 with dinner or $13.95 as a main course. The company plans to open two to four new units a year, working its way up the East Coast to New England.

EXPANSION MODE. Another upscale group in an expansion mode is Legal Sea Foods. Legal opened two more Boston-area restaurants in the last seven months for a total of seven locations, and is looking at its first sites outside Massachusetts, in Maine, Rhode Island, Connecticut, and New York.

"We should be able to open one more in 1990 and hope to do a couple each year, all in the Northeast," says George Berkowitz, president of the family-owned company.

Subscribing to the motto, "If it isn't fresh, it isn't Legal," the restaurants emphasize traditional New England favorites from the North Atlantic, but also offer fresh varieties flown in from other markets.

About 80% of Legal's purchases come from five 100-ft. trawlers that fish for the chain exclusively. "We have first choice and buy the top of the catch," notes Berkowitz.

Checks average $25 at dinner and $14 for lunch. Legal's largest restaurants, seating 300 to 360, serve up to 2,000 meals a day.

More than 65% of all seafood is eaten out.

In addition to the restaurants, Legal operates four fish markets and a mail-order business featuring live lobsters, other fresh seafood, and dry goods including T-shirts. Total sales for the company are approaching $50 million.

NIGHTCLUB. Traditional Concepts Inc., Portland, OR, has settled on a rather unusual concept as one of its expansion vehicles. Operator of Jake's Famous Crawfish in Portland and 10 other seafood houses, the company opened a combined full-service dining room and Top 40s nightclub known as the Harborside Restaurant and Shanghai Bar in Portland several years ago and turned it into a prototype.

Its newest locations are two more combination restaurant/nightclubs under the name McCormick & Schmick, in Irvine and San Diego, CA. These units feature more traditional seafood menus than the Harborside.

The company also operates three other McCormick & Schmick's without nightclubs, in Portland and Seattle, and three McCormick's Fish Houses in Portland, Seattle, and Denver, plus Jake's Backstage, a seafood-oriented bistro in Portland's Performing Arts Center, says Jerry Barron, director of operations.

MOVING INLAND. The market for fresh seafood continues to move inland. When Jim Schumacher, an Albuquerque, NM, restaurateur, opened Seagull Street Fish Market, the city's first independent seafood restaurant in 1985, waits averaged two to three hours for the first six months. The frenzy tapered off but business stayed strong, and in the last six months another upswing has begun. In the meantime, three other seafood-oriented restaurants have opened in Albuquerque. **RB**

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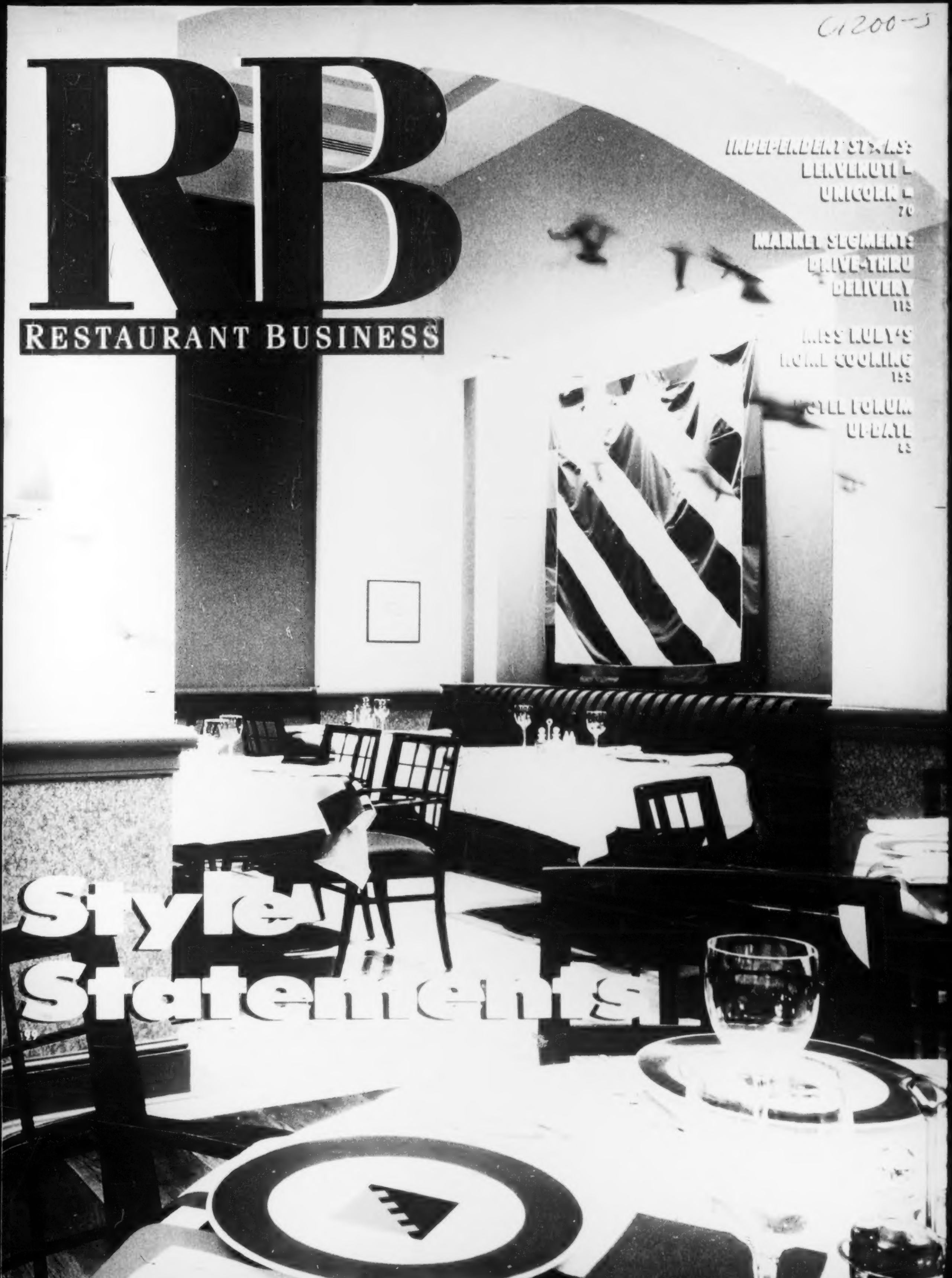
RB
RESTAURANT BUSINESS



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THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER

Business Travel Expenditures Soar

(Average Weekly Costs)

	1979	1989	% increase
Meals	$118.75	$178.35	50.2
Lodging	157.25	489.05	110.0
Auto Rental	203.50	216.25	6.2

Source: Sales & Marketing Management

Lodging and meal expenses for business travelers soared over the last 10 years while car rental costs remained relatively stable, according to a business costs survey by *Sales & Marketing Management* magazine. Average weekly expenses for meals jumped 50.2% while outlays for lodging leaped 110%. In contrast, auto rental expenses increased modestly.

Medium Salaries For Foodservice Professionals

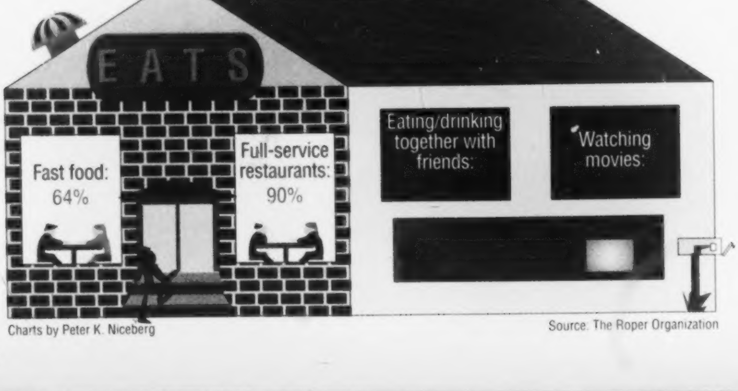
	1990
Chief Operating Officer	$220,000
Operations Director (chain)	85,000
District Manager (multi-unit)	61,000
General Manager (fast food)	35,000
General Manager (restaurant)	51,000
Chef	47,000
Cook	21,000
Food & Beverage Director (hotel)	62,000

Source: Roth Young

Raises for employees in the foodservice/hospitality industries will be nearly double the national average this year, according to the annual Roth Young Wage & Salary Review. While the average American's income will rise 2.28% in 1990, the average salary for foodservice employees will climb 4.5%.

Home and Away-From-Home Preferences

% of adults over 18 who prefer each of these away from home: 1989



Charts by Peter K. Niceberg

Source: The Roper Organization

Americans prefer the comforts of home when it comes to watching movies and eating together with friends, but when it comes to eating restaurant food at home or in restaurants, they clearly prefer the latter. Consumers were particularly inclined to consume meals in full-service restaurants rather than at home.

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COVER STORY

DESIGN **DIRECTIONS.** Savvy foodservice operators have discovered that a unique restaurant design can be used not only to create atmosphere, but also to achieve marketing goals and to create a niche. In addition, cutting-edge restaurant designers are meeting restaurateurs' evolving functional and aesthetic needs, while helping build repeat business. Designers have also responded to the growing casualization trend. 99

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Cover photograph by Steven Brooke

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HOTEL FORUM. *RB* reports on the Hotel Forum's Fall '89 and Spring '90 meetings. Guest speakers included Art Savard and Pat Terhune of American Restaurant Marketing Group Inc., consultants to the restaurant and hospitality industries, West Palm Beach, FL. They discuss techniques for a marketing plan. **83**

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INDUSTRY REPORTS AVAILABLE

Reprints of the **1989 RESTAURANT GROWTH INDEX** and the **1990 MAJOR FORCES IN FRANCHISING** are available for $5 per copy. Direct inquiries to Editor Peter Berlinski, *Restaurant Business*, 633 Third Ave., New York, NY 10017.

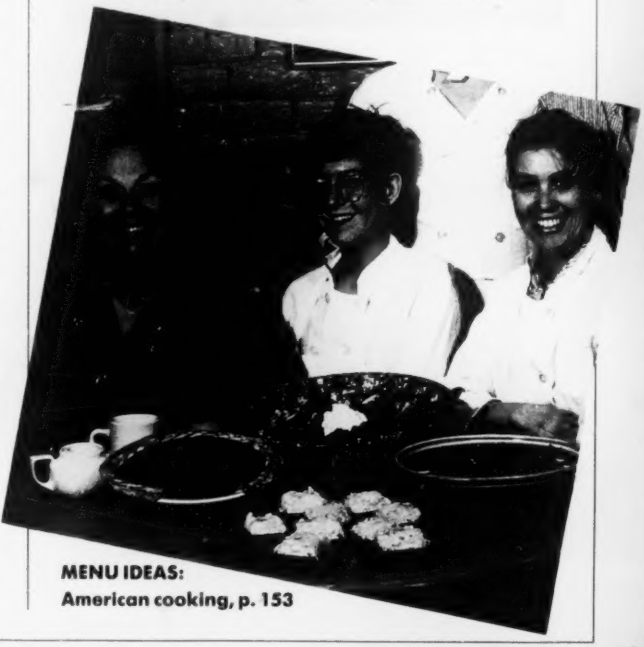
IN THE NEXT ISSUE

COVER STORY TOP 50 GROWTH CHAINS
Once again, with the help of Chicago-based consulting firm Technomic Inc., *RB* offers its exclusive report on the 50 fastest-growing second-tier chains. These low-profile performers are ranked in terms of sales and unit growth. Report will include a profile of this year's number-one growth chain, Applebee's Neighborhood Grill & Bar, which had 87.5% sales growth from 1988 to 1989.

MARKET REPORT STEAK
Salad bars, chicken, and seafood are now as common as sirloins in steak houses. The shift has occurred as steak-house operators compete in the midprice market.

MENU IDEAS SALADS
Operators are positioning salads as appetizers and entrees, using prepackaged vegetable mixes as well as exotic combinations of fresh produce to create menu item alternatives.

DRAFTS MERCHANDISING PREMIUM BRANDS
Premium brand cocktails provide some excitement for operators in a generally flat market.



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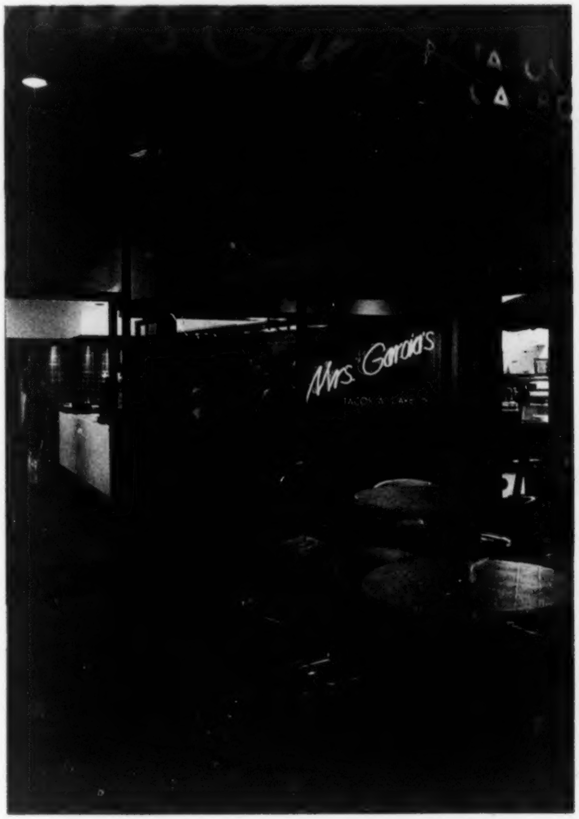
MARKET SEGMENT REPORT

DRIVE-THRU & DELIVERY

by Carol Casper

Diners today are looking for speed and convenience—and for many consumers, that means take-out. Off-premise dining, measured in traffic counts, grew 3% from 1988 to 1989, compared to a negligible gain of 0.2% in on-premise sales. George Rice, spokesman for CREST, a service of NPD Group, Park Ridge, IL, which supplied these statistics, notes that take-out continues to be the dominant force driving foodservice industry growth, as it has been for the last five years.

And, while carry-out visits were up by 2.3% in 1989 over 1988, drive-thru traffic increased 3.2%, and delivery volume 8.1%. Comparing each category's slice of the pie, the two most convenient take-out services, drive-thru and delivery, have increased their shares of overall take-out volume compared to two years ago, while carry-out shrank from 64% to 60.4% of take-out traffic.



In Los Angeles, Mrs. Garcia's 12 units are located in 1,000-sq.-ft. strip mall sites that encourage carry-out.

ON THEIR WAY. Denny Robertson, president of Fishy Things Inc., which operates Dock's Restaurants, a Willowbrook, IL-based chain that is shifting some of its carry-out business to drive-thru service, notes, "A lot of folks don't even want to take the time to come into the restaurant."

Off-premise dining traffic grew 3% from 1988 to 1989.

For speed alone, probably no other kind of operation can match the records being set by the double-drive-thru chains. Primarily oriented toward hamburgers but now offering a slightly wider array of fast-food items, this genre is probably most familiar through five-year-old pioneer Rally's, based in Louisville, KY. However, a number of other companies have jumped on the bandwagon, and though smaller and more locally based, several are aiming for significant expansion.

One is Zipps Drive-Thru, St. Louis, which opened its first store in May 1987. Zipps now has 32 locations, 20 company-owned and the rest franchised, notes vice president of operations Jack Mertens. The company plans to add eight to 10 more franchisees this year and have nearly 50 restaurants open by December, with a total of 90 to 100 units targeted for the end of 1991. Franchises are in Illinois, Arizona, North Carolina, Florida, and Kansas.

Zipps' average store measures just 650 to 700 sq. ft.

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and features a limited menu of hamburgers, cheeseburgers, chili, one size of fries and soft drinks, plus a new chicken sandwich. The average check is $3.50 and average service time is just 30 to 40 seconds.

Sir Pizza, Miami Lakes, FL, has offered delivery for the last 10 years.

Sir Pizza
VILLAGE CENTER-MIAMI LAKES

People don't want to eat out every day, but they aren't oriented to cooking at home.

Another recent entry in the drive-thru derby is based in nearby Alton, IL, a St. Louis suburb. Dubbles Drive-Thru Restaurants, which debuted in January 1988, has 15 units in Ohio, Illinois, and Missouri, and plans to open 19 more by the end of the year. Dubbles' standard unit is a self-contained, prefabricated building measuring 14 ft. by 40 ft., delivered to each site with all equipment installed.

The chain, all franchised except for one unit, also includes several walk-up operations in amusement parks. Most expansion, however, will be in drive-thrus, notes Ford Phillips, director of advertising and public relations.

Dubbles offers a slightly larger menu than Zipps, including fish sandwiches and corn dog nuggets as well as several burger varieties and a chicken sandwich. It also accents low prices. A quarter-pound hamburger with everything on it is 99¢. Checks average $3.15, and annual unit sales average $780,000.

Both Zipps and Dubbles, like other drive-thrus, also offer walk-up windows, and have some outdoor seating on most lots. However, walk-up accounts for only a tiny portion of sales at most units. One beauty of double drive-thrus for operators is the low labor involved. At a Dubbles unit, for example, staff consists of two grill workers, one fry cook, one drink-filler, and a bagger.

NOSTALGIA. Another approach to drive-up dining is embodied by Sonic Industries Inc., Oklahoma City, OK, an original '50s carhop chain that has found a new image in the '80s. Although nostalgia may help bring customers in, says Sonic president and CEO C. Stephen Lynn, what keeps them coming back are the food and service.

"We cook all our foods to order, and with 24 order stations at each unit, we can take orders and fill them faster than a drive-thru hamburger chain," he adds. "Our average service time is under four minutes."

Although the original drive-in concept was for people to eat in their cars at the order stations, today about 50% to 60% of Sonic's customers actually use the stalls as drive-thru points. Sonic is experimenting with regular drive-thru windows in its new units, not to provide faster service, but "because most customers in markets unfamiliar with Sonic have a bias for them," says Lynn.

Sonic currently operates over 1,000 units, mainly franchised, in 21 states across the southern half of the country. It expects to add 85 more restaurants this year and another 85 to 100 in 1991.

The menu is similar to most other eat-in and drive-thru hamburger chains, with a few additions. They include hot dogs with toppings, corn dogs, fish and steak sandwiches, onion rings cut fresh daily, and two to three specials determined by each operator.

Per-person checks average $2.24 and unit sales run over $400,000, up 51% since 1983. Lynn adds that the company wants to be the number-two hamburger chain in the South within five years.

NEW APPROACH. Another chain that started as a drive-in in the '50s has switched its take-out approach to drive-thru. Runza Drive-Inns of America, Lincoln, NE, recently changed its name to Runza Restaurants since it discontinued the drive-in format in 1983. Today, all of the company's nearly 50 units feature drive-up service, except for 10 food court sites. Runza's regular restaurants also feature on-premise dining; however, take-out orders com-

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prise 55% of total sales, and of that portion, nearly two-thirds is drive-thru.

The company's signature Runza sandwich is a handy take-away food—a mixture of fresh ground beef, cabbage, onions, and spices baked inside an oblong loaf of homemade bread. Cheese and Italian versions are also available. The restaurants also offer hamburgers, fish sandwiches, and three kinds of grilled chicken sandwiches, plus other signatures such as special soups and salads and fresh homemade onion rings.

Runza is just one example of a tremendous trend today—the extension of take-out service to an ever wider variety of operations and menu choices.

One unusual concept is The Spaghetti Shop, a 31-unit, Champaign, IL-based chain that opened its first store in 1985, specializing in pasta.

About 48% of sales are take-out, says president Jim Teaters, largely half-gallon buckets of the Shops' main menu items, which include spaghetti with meat sauce, marinara, and primavera, plus fettuccine Alfredo, and ravioli. The buckets, which weigh approximately 4 lb., can feed a family of four at prices ranging from $7.50 to $8.25, including a loaf of garlic bread. They account for 36% of total volume.

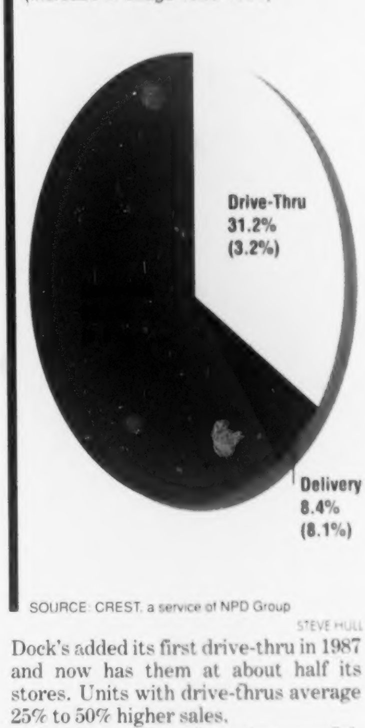
In addition to buckets, single servings, complete dinners, and à la carte selections are also available for take-out. Other items include a chef salad, lasagna, pasta salad, and dinner salad, packaged for four to go.

The Spaghetti Shop recently introduced drive-up in five units, and based on its success, several other units are now being retrofitted. At sites with windows, drive-thru accounts for 65% of take-out sales, Teaters notes.

FAST SEAFOOD. Another chain with a difference is Dock's, specializing in hand-breaded fish and shrimp. The company operates 20 restaurants in Chicago and two in Philadelphia, including nine franchised units, and should have additional single units opening in Nashville, Detroit, Cleveland, Milwaukee, St. Louis and Minneapolis by September, Robertson notes.

SHARE OF THE TAKE-OUT PIE

(Increase of usage 1988-1989)



SOURCE: CREST, a service of NPD Group

STEVE HULL

Delivery has been grabbing a much larger share of the take-out pie.

Dock's added its first drive-thru in 1987 and now has them at about half its stores. Units with drive-thrus average 25% to 50% higher sales.

Dock's menu includes a signature fish sandwich consisting of two fillets on a whole wheat bun for $2.99, fish by the piece, a farm-raised catfish dinner, and three sizes and varieties of shrimp, including a "Sassy" Cajun style, which are sold by the pound and half-pound. It also offers chicken wings for non-seafood eaters. Average unit volumes range from $400,000 to $1.3 million.

PoFolks Inc., Nashville, is now testing drive-thru windows at several of its 135 units, and early results have been "spectacular," reports president John Scott. This chain does an average of 8% to 10% of sales in take-out systemwide, but at the test units, drive-thru accounts for as much as 30% of store volume, or about a 10% to 20% incremental sales gain, Scott notes. About 60% of PoFolks' take-out sales come from its 16-piece "Blue Ribbon Chicken Piknik" ($15.99) which includes enough chicken and fixin's to feed six.

Another concept that will be adding some drive-thrus is Wyatt Cafeterias, Dallas. "The cafeteria is the original fast-food operator, and we've always made food available to go," says president George DeShazo. Two years ago, the company began building cafeterias with separate facilities for take-out. Wyatt is now developing a drive-thru, which will probably incorporate an easy-to-change menu board so the units can alter selections daily.

Based in Lincoln, NE, Amigos is a Mexican chain that is exploring different take-away avenues. The eat-in operation occupies a niche between fast food and full-service, notes vice president of marketing Joe Field. Customers order at a counter but are served at the table, on real china.

All of the chain's units, except for food court sites, also offer drive-thru. Field estimates 20% of volume is from take-out, mostly drive-thru. Close to 60% of customers use the drive-thru sometimes, he adds, and 15% use it exclusively. Another approach, currently in test at two units, is a self-serve deli case featuring selected menu items.

MEXICAN ON THE MOVE. Another Mexican chain that will probably experiment with drive-thru as it continues to expand is Los Angeles' Mrs. Garcia's. Currently, most of this "healthy Mexican" chain's 12 units are located in 1,000-sq.-ft. strip mall sites that offer in-store counter dining but are de-

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At Dubbles, a clock times each car's order; average transaction is 45 to 60 seconds.

signed to encourage take-out. The firm did, however, recently open its first freestanding unit, and co-owner Geri Warner says the chain may add drive-thrus in outlying areas.

Mrs. Garcia's menu is built around soft tacos featuring chargrilled steak, marinated boneless, skinless chicken breasts, and shrimp, chopped up hot off the grill and served in warmed soft tortillas. Also featured are vegetarian items, a variety of tostadas and quesadillas, salads, fajitas, and snacks.

To build take-away business, which currently accounts for about 40% of sales, the chain recently introduced a Fiesta Pack which allows customers to order main dishes by the pint, along with beans, rice, salads, and dressings.

In New York City, Dosanko Foods Inc., which operates nine Japanese-style noodle shops, is also experimenting with fax orders and delivery. Dosanko's sites have average volumes that range from $500,000 to $1.2 million. About 15% to 20% of sales is from take-out, but that is growing. Most take-out business is during lunch, general manager Kazuhiko Sato notes.

DELI DOINGS. That you don't have to be big to get into fax and delivery is demonstrated by Dot's Deli, a tiny breakfast and lunch operation in Natick, MA. In fact, owner Mike Zimmerman made delivery service a major thrust of his business because his deli seats only 15 and parking is a problem. Dot's does over 50% of sales in deliveries to nearby businesses and nearly another 30% in take-out trade. Zimmerman added a fax machine this spring to get sales from local businesses.

The fax machine was added to eliminate the need for one employee to stay on the phone taking orders during the busy lunch rush.

"I got it mainly to make things easier on us, but I hope it will also increase sales as more local businesses realize they can fax us orders. It's also helped reduce mix-ups on orders," he notes.

Another operation that offers delivery and fax service on a bigger scale is Souper Salad of Boston. This growing chain operates four full-service restaurants and four Souper Salad Express units geared to take-out, plus a new location in Newton, MA, that functions as an Express unit during the day and a full-service restaurant at night.

One feature that differentiates Souper Salad from many of its fast-service competitors is its strong orientation to fresh, homemade and healthy items, notes Larry Reinstein, vice president of operations.

All of the chain's downtown Boston locations offer delivery, he adds, with a $3 service charge and a $20 minimum order. These units and the new Newton location have also recently begun offering fax service. The average delivery ticket probably runs $30 to $40.

Woburn, MA-based MrsMiller'sMuffins also does a large volume with corporations. The company's original three stores did so much corporate take-out and delivery that it recently shifted the bulk of this business to a separate wholesale division, explains founder Elaine Miller.

However, individual stores still do 15% of sales in corporate take-out or catering. This business plus regular walk-in take-out accounts for 90% of breakfast and 70% of lunch volume.

In addition to a variety of traditional muffins and bagels, MrsMiller's features special lunch muffins in varieties like ham and Swiss and chicken, hearty soups and chili, home-made cookies and brownies, frozen yogurt, fresh-squeezed orange juice, and natural so-

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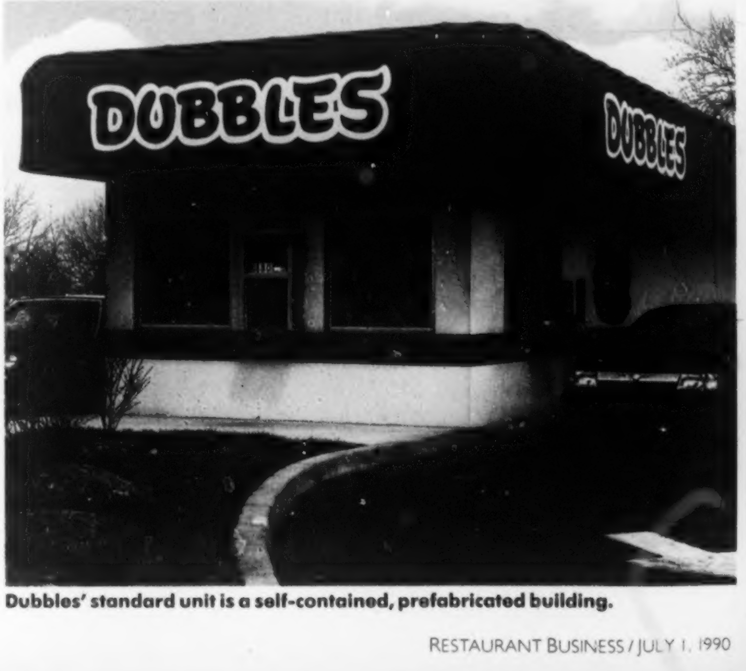

Dubbles' standard unit is a self-contained, prefabricated building.

das. Take-out checks average $20.75 due to the high proportion of corporate orders; per-person checks run $2.25.

For home delivery, pizza has always been most popular, largely because it is the one item that has been most widely available. But even in this already well-developed segment, new action has been stirred largely due to Domino's highly visible success.

One chain that recently added delivery directly in response to Domino's competition is Dedham, MA-based Papa Gino's, which operates 220 units in New England and eastern New York state, plus three in Florida. Papa Gino's began testing delivery in September '88 and has since rolled out the service to over 50 units, with new sites coming on line now at a rate of three per week.

"We realized an average 14% increase in sales in stores offering delivery," notes Ron Spinazola, director of marketing, who says eventually most units will add the service except for mall locations that do minimal take-out.

Pizza currently makes up about 95% of deliveries, but this spring the chain began offering other menu items for delivery, such as pasta and sandwiches. Overall take-out, including delivery, averages 40% of system sales, Spinnazola notes; 95% of that is pizza.

Sir Pizza International, Miami Lakes, FL, on the other hand, has offered delivery for the last 10 years, but expects this feature of its business to grow noticeably in the near future. Delivery accounts for about 15% to 20% of store sales and a little more than half of take-out volume, notes Charles Woolweaver, president and CEO.

The fastest-growing segment of its delivery business, he adds, is nonpizza items, which the chain began delivering five years ago. They include pasta, salads and sandwiches, which now make up nearly half of Sir Pizza's delivery business. He adds that the company is working on a drive-thru window.

Packaging food for carryout is a major challenge.

MrsMiller'sMuffins

Woburn, MA-based MrsMiller'sMuffins features sweet and savory muffins.

"There are some problems with that avenue for pizza because of the service time required, but we're developing some approaches that should solve them," claims Woolweaver.

He adds that delivery in general will no doubt grow as a portion of take-out in the near future, due in large part to chains such as Sir Pizza offering a wider variety of menu options.

SPECIAL SERVICES. One major factor in the development of more delivery choices in recent years has been the rise of specialized services in many major cities, which contract with a number of local restaurants to deliver for them for an added fee.

While many of these multirestaurant delivery services concentrate on upscale establishments, Takeout Taxi Inc., Herndon, VA, differs, says president Kevin Abt, because it provides "a Monday night meal solution." Abt has developed a computerized system for marketing home deliveries and licensed the software to operators in about 20 cities. The company plans to start franchising this summer.

In the meantime, Takeout Taxi has also developed its own delivery service in five separate territories covering northern Virginia, starting with four restaurants in 1987 and now representing more than 100.

"Over 40% of our orders are for American-type places featuring ribs, sandwiches, burgers, chicken and

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steaks," says Abt. "We also represent a large number of ethnic operations including Chinese, Thai, Mexican, and Italian. Pizza accounts for 10% of sales. Prices range from just under \$5 to about \$10 for most menu items, he adds, and the average delivery ticket runs under \$30 for three to four people.

In exchange for its services, the company garners about a 30% discount from the restaurants' menu prices, plus a 15% service charge to customers. It mails 50,000 "super menus" every month and restricts service from each location to within a three-mile radius.

One mistake he feels that other services make is that they think all that is needed is to mail out books of menus.

"They don't understand how marketing-intensive this is," says Abt. "That sort of thing doesn't touch the tip of the iceberg.

"We provide lots of marketing punch because we've developed computerized couponing and marketing systems that work for the restaurants' eat-in business as well as take-out trade. More than just a delivery service, we become a strategic marketing ally," claims Abt.

Yet another approach to home delivery is being offered by Larry Colligan, owner of a Tucson, AZ, landmark restaurant, the Hidden Valley Inn.

He has been testing a concept under the name "Mr. C's Chicken and Ribs—presented by Hidden Valley Inn" for two years, and now hopes to sell the system to a national company or take it nationally himself by licensing established restaurants in other cities.

Colligan's approach is delivering restaurant-type food at a cost below the typical restaurant meal. "Our meals average \$6.50 to \$6.95 using a menu designed specifically for this service."

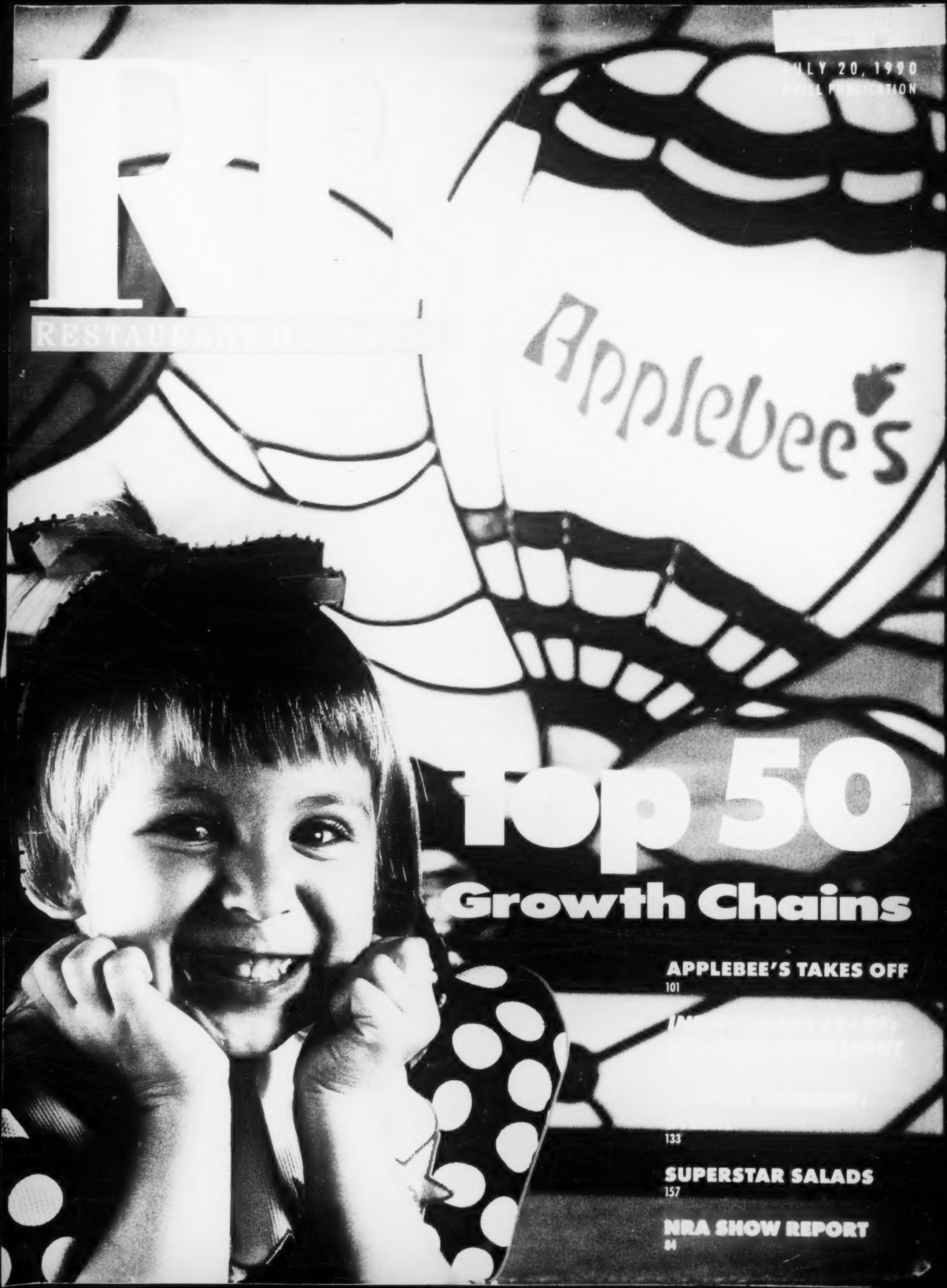
Selections currently include barbecued chicken, pork ribs, meat loaf with mashed potatoes and gravy, beef stew, beef and chicken enchiladas, lasagna, a cod dinner, and mesquite-broiled ham.

"Our service and prices are designed so a working parent can afford to order for themselves if they're too tired to cook, or for their kids if they're going out for the evening." **RB**

RESTAURANT BUSINESS

JULY 20, 1990

A BILL PUBLICATION



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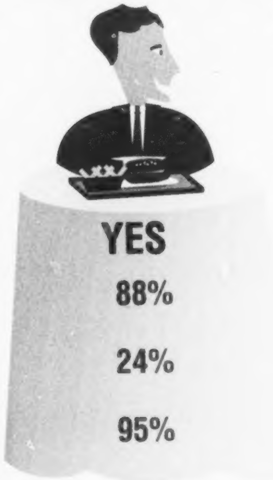
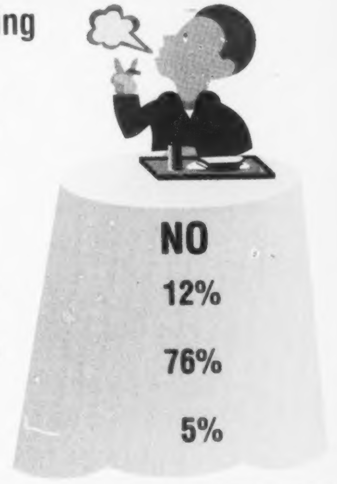
THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER

Smoke Going Out of Employee Dining

In a recent poll, operators of corporate dining facilities said they are favorably responsive to having non-smoking sections.



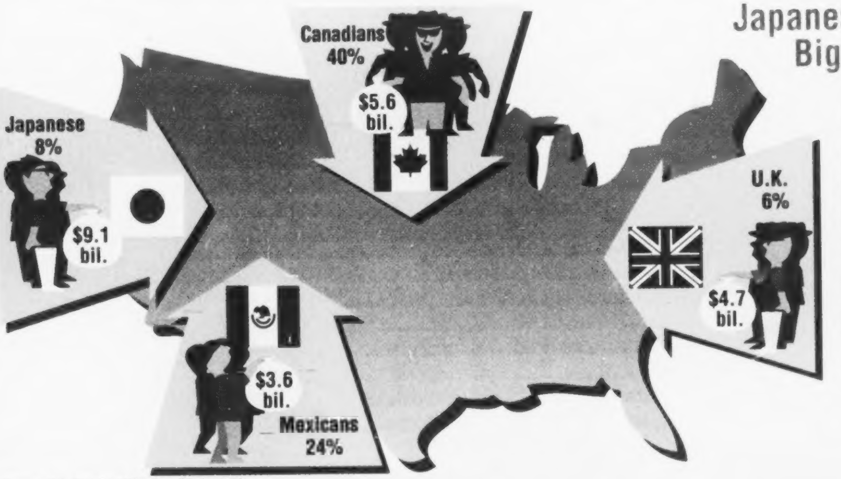


	YES	NO
Do you currently have a separate non-smoking section?	88%	12%
Would/has creating a non-smoking area create any problems?	24%	76%
Are you in favor of creating non-smoking sections?	95%	5%

Source: Society For Foodservice Management Members Respond Poll

Japanese Tourists In U.S. Biggest Spenders

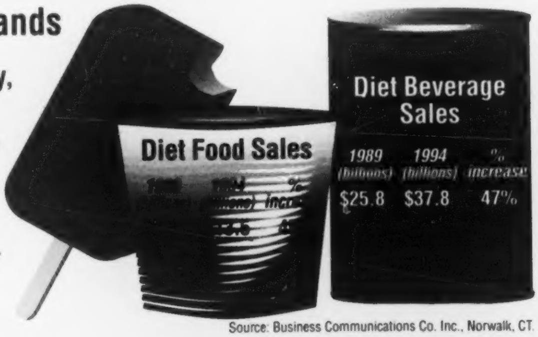
More foreign visitors arrive in the U.S. during summer months than at any other time, and although Canadians visit in larger numbers, the Japanese spend more.



Source: U.S. Travel and Tourism Administration

Weight Control Industry Expands

The worldwide weight control industry, largely consisting of diet foods and beverages, is expected to grow at the average annual rate of 7.8% a year over a five year period. The U.S. market represents 90% of total sales.



Diet Beverage Sales

1989 (billions)	1994 (billions)	% increase
$25.8	$37.8	47%

Fastest-growing diet foods: yogurt, frozen novelties and dinners, breakfast foods

Fastest growing diet beverage products: root beer, carbonated waters

Source: Business Communications Co. Inc., Norwalk, CT.

Charts by Peter K. Niceberg

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Cover photograph by Hank Young/Black Star

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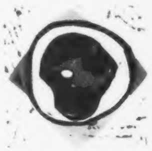

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MAJOR FEATURE TRENDS IN HOTEL DINING
Some of the world's finest meals are enjoyed in hotel restaurants, but the bread-and-butter of this business is in the numbers game. Call it catering, function business, or banquets, there is money to be made in group dining, but special problems to be solved as well.

MARKET REPORT CHICKEN
Consolidation and competition have made the last two years difficult for operators in this segment, especially as other segments have aggressively marketed take-out. Menu additions such as grilled and oven-roasted products have the more innovative operators crowing.

MENU IDEAS TAKE-OUT
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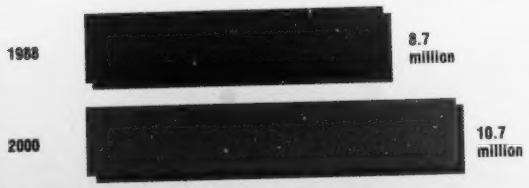
FOODSERVICE EMPLOYMENT



Strong Growth Forecasted for Foodservice Employment

According to estimates by the Department of Labor's Bureau of Labor Statistics, employment at U.S. eating-and-drinking places will grow 24% to reach 7.8 million people by the year 2000 – employing close to 6% of the U.S. labor force. The foodservice industry as a whole – which includes employment at eating-and-drinking places as well as individuals employed in foodservice occupations in other segments (hotels, institutions) – is expected to reach more than 10.7 million workers by 2000, up from 8.7 million in 1988.

SOURCE: National Restaurant Association

STEVE HULL

A Call To Save The Planet

America's taste for beef, fish, and chicken is taking its toll on the planet Earth, according to Michael Klaper, who as scientific director of Earth Save, an environmental organization based in Los Angeles, tracks such phenomena as land and water depletion.

Klaper says that a chicken dinner for one requires 4 lb. of grain and 400 gallons of water to produce. A hamburger from a fast-food restaurant using South American beef contributes to rain forest destruction, and eating ocean fish depletes a vital link in the world's food chain, he claims.

Klaper made these observations at a June lecture at the UCLA Extension School. While not making a call for strict vegetarianism, Klaper advocates moderation. "We have to scale down the demands we make on the earth," he says.

Klaper says the use of large amounts of grazing space for cattle could be converted to other uses that would provide more food for more people.

–Kevin Farrell

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Retailing Races Toward The Millenium

Retailing in the 1990s will be local-market focused and marked by diversity, democracy, and decentralization, according to forecasters at Management Horizons, a Dublin, OH-based consulting firm.

The firm released a study called Retailing 2000, predicting the decline of the mass market in favor of thousands of market niches and strong local stores with intensely personalized service.

"Relationship merchandising will turn the conventional retail organization upside-down, focusing on individual customers at the store level, concluded executives of Management Horizon, a division of Price Waterhouse, in their summary report. "Tomorrow's retail organization will be flat, lean, and very decentralized."

In order to be a successful player in the "transitional" phase between now and the millenium, the forecasters said retailers must:

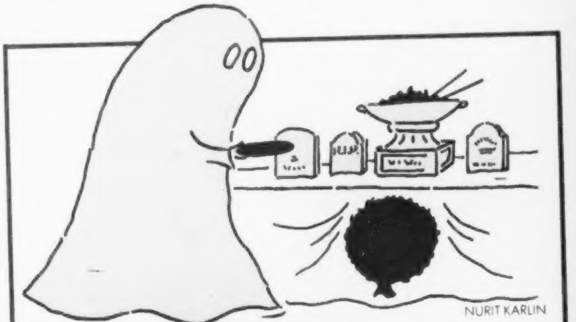
- acquire access to capital;
- embrace technology;
- decentralize authority to the front lines at the store level; and
- share power with employees.

Among the changes forecast were the demise of the shopping mall in favor of multiuse complexes that offer combined living, workplaces, entertainment, and shopping facilities.

Department stores left after Chapter 11 will offer focused assortments of general merchandise and food, as well as auxiliary businesses such as catering and travel services, the report said. Furthermore, specialized mass merchandisers will continue to gain market share in categories where price value are key.

Carl Steidtmann, chief economist of Management Horizons, predicts economic growth and low inflation will continue but that profits will be low in the retail sector because of low inflation rates.

–Marilyn Alva



NURIT KARLIN

Graveyard Grubs For Groggy Gamblers

Late nighters in Las Vegas' Aladdin Hotel might deem it portentous to grab some wee-hour food from the 1,100-room hotel's newest, albeit eerie-named offering: the graveyard Chinese buffet. But, at least here, they won't get a run for their money or their luck.

The graveyard Chinese buffet is open from 11 p.m. to 4 a.m. and offers an amalgam of Asian and American dishes, such as beef and broccoli, chow mein, sesame chicken, and prime rib—all for $4.99.

Noting that the name for the hotel's newest food concept is rather odd and perhaps even macabre, Aladdin's Food & Beverage director, Bill Henning, seemed nonchalant.

"We had several different opinions about the name," he says, noting that a runner-up was late night buffet. "But we wanted to get our point across and some power-that-be in the hotel wanted 'graveyard'—to distinguish between breakfast, lunch, and dinner."

With no pun intended, Henning says that the graveyard buffet has increased "the number of bodies" that traffic the hotel in the late hours.**–Diane Kochilas**

RB
RESTAURANT BUSINESS

COVER STORY

Top 50

Growth Chains

IN A TIME WHEN A number of major restaurant chains have had to grow cautiously and watch the bottom line, there are those smaller and medium-sized food service companies that have found their expansion niches. Once again, with the help of Chicago-based consulting firm Technomic Inc., *Restaurant Business* offers its exclusive report on the 50 fastest-growing second-tier chains with sales of between $20 million and $300 million. These low-profile performers are ranked in terms of both 1989 sales and unit growth. Our comprehensive report includes a profile of this year's number-one growth chain, Applebee's Neighborhood Grill & Bar, which had 87.5% sales growth from 1988 to 1989. Listings of the other 49 top-ranked growth chains, with a recap of their concepts and growth strategies, follows. *Continued on page 102*

The formerly obscure regional chain is now on a hot growth track soaring toward the goal of fast becoming a nationwide player.

SOARING LIKE the brightly colored hot air balloons depicted in its dining room murals, Applebee's Neighborhood Grill & Bar is this year's hottest second-tier growth chain and the casual-dining segment's most rapid fire franchisor. The formerly obscure regional chain is soaring toward a goal of becoming a nationwide player. It's also flying in the face of the conventional wisdom that considers franchising casual-dining restaurants a difficult, risky business.

Kansas City, MO-based Applebee's International Inc., the parent company, began as a franchisee of the since-dissolved Creative Food 'N Food Division of W.R. Grace & Co. Between March 1988, when it acquired the chain from Grace, and year-end 1989, it grew Applebee's system from 54 units to 115 units. It increased systemwide sales over that period by 87.5% from $80 million to $150,000 million. The count reached 123 units in 23 states at the end of first quarter 1990, tracking toward a projected year-end total of 200 units.

1

Applebee's

Kansas City, MO

RANK BY UNITS: 3

1989 U.S. Systemwide Sales:	**$150,000,000**
1989 U.S. Systemwide Units:	**115**

Applebee's has increased its systemwide sales by 87.5% and has more than doubled its units over the past year. The company has assigned more than 50% of the ADI's in the country to franchisees, and by year end expects to have franchisees in 90% of the 50 states for a total of 200 units. The company is filling an unserved niche: a hybrid of fast-food restaurant and casual-dining restaurant, systematized into a relatively simple, streamlined form. The concept features a varied menu, low price points, friendly "neighborhood" atmosphere, and a prominent but not dominating bar.

The management team: John Hamra, chairman; Johyne Rock, executive vice president of marketing; Robert T. Steinkamp, general counsel; Abe Gustin, president; and Ronald Rock, human resources consultant.

HYBRID. What makes Applebee's fly? The company believes it is filling a distinct unserved niche: a hybrid of a fast-food restaurant and casual-dining restaurant, systematized into a relatively simple, streamlined form. It features a varied menu, low price points, friendly "neighborhood" atmosphere, and a prominent but not dominating bar. The company believes that this concept has broad appeal and high customer frequency.

"The fast-food customer trades up to Applebee's for a lot more options and not much difference in price," says Burton "Skip" Sack, the president of Braintree, MA-based Pub Ventures of New England Inc., Applebee's New England franchisee. "He's spending about $4.50 for a big burger, fries, and soft drink already, but for $6.50 at Applebee's he gets full service, a full bar, and a much more varied menu."

In addition, value-conscious customers are trading down from higher priced dinner houses, Sack says.

ROI. Applebee's approximately 168-seat, 3,800-sq.-ft. to 4,350-sq.-ft. sized building has lower development costs than those of major casual chains that range 6,000 sq. ft. to 8,000 sq. ft. It's adaptable to strip center, mall, and freestanding sites. Figuring land and building, the cost for an Applebee's unit is about $1.2 million. In a strip mall "end cap" location, it ranges from $125,000 to $600,000.

The compact stores produce an average unit volume of slightly more than $1.6 million, providing a good return on investment in suburban Kansas City, Atlanta, and Minneapolis, not to mention smaller markets such as Spartanburg, SC, and Cranston, RI.

VETERANS. Applebee's International is led by a pair of veteran fast-food operators. Chairman of the board John Hamra formerly operated a 23-unit Wendy's franchise group in Kansas City and 25-unit Wendy's franchise group in San Diego. President Abe Gustin formerly operated 18 Taco Bells in Kansas City.

The concept that caught their eye was founded in 1980 in Atlanta by William F. Palmer, who subsequently sold it to Grace and remains the Atlanta franchisee.

Gustin became an Applebee's franchisee in 1986, frustrated by a lack of growth in his Taco Bell territory. Hamra joined him to help engineer a $20.5 million acquisition of Applebee's from Grace in 1988. In September 1989, Applebee's International held an initial public stock offering that has enabled it to pay down its debt.

Bar sales are an add-on, not a major emphasis. The 75/25 food/liquor ratio is in keeping with the desired comfort level for a clientele that includes families with children as well as adults.

Gustin projects that Applebee's is capable of growing to at least 850 units. However, he says that figure might be re-

The compact 50-item menu features a broad sprinkling of American favorites and ethnic specialties in a format that is revised biannually. Pictured: Chix, Stix & Pita, charbroiled chicken tenders to wrap in pita wedges with herb sauce.

vised up as high as 1,200 if the concept proves feasible in small markets with populations of 30,000 to 50,000. Volumes of better than $2 million in places such as Aiken, SC, and other small towns make him suspect this is so.

"I don't agree with those who say it's impossible to franchise casual dining," says Gustin. "As former franchisees ourselves, we know the needs of the franchise community. We know how to design successful operating procedures. And we select quality, experienced people."

Sack is one such experienced operator, a former senior vice president of Howard Johnson restaurants with nearly 30 years of industry involvement. "I toured the Atlanta operations and liked the people, the systems, and the return on investment. I felt that the niche was right where it should be."

Today, Sack has seven Applebee's—three in Massachusetts and a pair each in Rhode Island and New Hampshire. Five of his stores will do more than $2 million this year, New England's economic downturn notwithstanding. He anticipates five more openings this year, and six more in 1991, and thereafter, a public stock offering.

Another experienced franchisee is Milwaukee-based Marcus Restaurants Inc., which recently acquired the Applebee's franchise rights for the state of Wisconsin and the Chicago area. It has some 80 current holdings in the Midwest, predominantly Big Boy and Kentucky Fried Chicken units, plus a few specialty dinner houses.

"We studied Applebee's in Minneapolis, Atlanta, and Boston for a year, and we were delighted," says Marcus president Wayne Jones. "We feel the concept is truly expandable nationwide and can deliver a potentially large return on a relatively small investment."

OUTSIDE OPINION. The opinion of competitors can be telling also. "It's a strong concept, with good speed of service, executed fairly consistently, that seems very profitable. They keep it simple and maintain good price/value," says Keith Dunn, president of Asheville, NC-based McGuffey's Restaurants, a five-unit casual chain that competes against Applebee's in Greenville, SC, and Knoxville, TN.

"If there's a weakness, it may be in expanding too quickly, which of course can lead to deficiencies in training and customer satisfaction," says Dunn. "We wouldn't consider franchising McGuffey's because our systems are too complicated."

Applebee's International relies on franchisee consultants in the field to make sure franchisees toe the line. Responsible for a maximum of 20 units, they make scheduled and unannounced inspections to verify that specified procedures and products are in use.

"The franchise consultants are very rigid in demanding that you follow company specifications," says franchisee Sack. "I've never seen such detail-mindedness in other organizations."

BROAD MENU. Food research and development is a strong emphasis for Applebee's. The compact 50-item menu features a broad sprinkling of American favorites and ethnic specialties in a format that is revised biannually. The check average is about $5.75 at lunch, $7.50 at dinner. Food is served until midnight or later in most markets, capitalizing on late-night snack business.

The Munchies menu section includes supreme nachos topped with chili, jalapeños, and guacamole ($4.99) and Buffalo chicken wings ($3.99). Sandwiches and burgers range from a Greek-inspired gyro sandwich on pita bread ($3.99) to a broiled Cajun whitefish sandwich ($4.99) and the double-decker Applebee Burger ($4.49). Neighborhood Specialties entrees are just as diverse, with items such as riblets barbecued rib tips ($6.99), steak or chicken fajitas ($6.99), chicken Parmesan with garlic fettuccine ($6.49), and the Bourbon Street sizzler, a Cajun spiced and marinated 10-oz. sirloin steak ($7.99). Rounding out the menu are salads, soup and salad combos, and desserts like apple-honey cobbler à la mode ($2.50).

FLEXIBILITY. Applebee's core-optional menu system maintains company standards, yet allows flexible menu addi-

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Between March, 1988 and year-end 1989, Applebee's grew from 54 to 115 units. It increased systemwide sales by 87.5%.

tions in keeping with the neighborhood image. Some 70% of the menu is standard chainwide, the rest is nominated by franchisees and approved by corporate. Examples of regional items are broiled swordfish in New England and fajita quesadillas in the Southwest.

"We have very much a partnership attitude," says Ronald Marks, director of menu development. "If franchisees want an item tested, we'll do it."

In turn, sometimes franchisee-inspired items achieve core menu status, such as riblets, developed by Applebee's founder and current franchisee Palmer. One of the most popular items, a typical store sells 400 lb. of riblets per week, Marks says.

The menu's compact size and relative simplicity is determined by speed of service and consistency. There's an allowable 15-minute service window. "If the item takes longer than 12 minutes, it's no-go," says Marks. "Eight minutes is ideal."

The concept features a friendly 'neighborhood' atmosphere, and a prominent but not dominating bar.

Price points and variety are also vital considerations. "We have to keep the price points very close to fast food, because we want the customers back several times per week," says Mike Amos, vice president of operations for Sandia Holdings, a Scottsdale, AZ-based franchisee. "We've also had to keep the menu fresh so they don't get bored."

Applebee's follows a decentralized marketing program under the theme "America's favorite neighbor." TV has been used in its developed Atlanta and Kansas City markets. Elsewhere, POS materials, direct mail, newspaper, and radio spots get the message out.

This summer, Applebee's is marketing a Lite & Healthy salad promotion. The four-item selection includes Eat Smart, Eat Right, a garden vegetable platter topped with fajita chicken strips, greens, cottage cheese, and dipping sauce, and Peking Chicken Salad, a combo of sesame-ginger chicken, mushrooms, peanuts, greens, and crisp noodles. Supporting the promotion are a banner, poster, table tents, newspaper ad, radio spot, and direct-mail postcard.

"We encourage our restaurants to blend in with the character of their neighborhoods," says executive vice president-marketing Johyne Reck. For example, Sandia Holding's Mesa, AZ, Applebee's is decorated with Phoenix Suns and Arizona State University sports memorabilia. In New England, franchisee Sack makes use of direct mail pieces.

High-flying franchisors have crashed and burned in the past. Time will tell if Applebee's can maintain its quality standards while growing at an unprecedented rate. For now, the picture is one of a chain off to a flying start and laying groundwork for the future.

—James Scarpa

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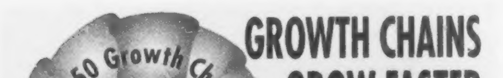
RANKED BY PERCENTAGE INCREASE IN SALES AND UNITS

Sales Rank	Chain	U.S. System Sales ($000) 1989	U.S. System Sales ($000) 1988	% Sales Change 1988-89	Avg. Unit Vol. ($000) 1989	U.S. System Units 1989	U.S. System Units 1988	% Unit Change 1988-89	Unit Rank
1	**APPLEBEE'S**	$150,000	$80,000*	87.5%	$1,650	115	67	71.6%	3
2	**SOUP EXCHANGE**	46,060	25,360	81.6	1,750	29	16	81.3	1
3	**RALLY'S**	132,620	74,052	79.1	918	192	109	76.1	2
4	**OLD COUNTRY BUFFET**	115,376	71,751	60.8	1,950	78	58	34.5	8
5	**HOOTERS**	60,000	39,000	53.8	1,800	33	23	43.5	7
6	**I CAN'T BELIEVE IT'S YOGURT**	43,000	29,000	48.3	210	284	180	57.8	4
7	**L&N SEAFOOD**	52,800	36,000	46.7	2,200	24	18	33.3	9
8	**SOUPLANTATION**	35,000	24,000	45.8	1,900	18	12	50.0	5
9	**EL POLLO LOCO**	175,000*	120,900	44.7	1,010	192	149	28.9	12
10	**RUTH'S CHRIS STEAK HOUSE**	55,000	38,000	44.7	2,100	26	20	30.0	10
11	**AU BON PAIN**	58,000	43,000	34.9	1,000	71	57	24.6	16
12	**LAMP POST PIZZA**	47,736	36,504	30.8	612	78	72	8.3	41
13	**PIZZERIA UNO**	87,647	67,349	30.1	1,584	63	51	23.5	17
14	**EVERYTHING YOGURT**	65,000*	50,000*	30.0	400	300	200	50.0	6
15	**RUBY TUESDAY**	166,000	128,000	29.7	1,700	98	80	22.5	20
16	**CRACKER BARREL**	190,186	147,625	28.8	2,612	79	67	17.9	26
17	**CINNABON**	32,000*	25,100	27.5	268	125	97	28.9	11
18	**SBARRO**	196,600	154,400*	27.3	533	369	301	22.6	19
19	**RYAN'S FAMILY STEAK HOUSE**	295,312	234,000	26.2	2,208	141	122	15.6	32
20	**LEVY RESTAURANTS**	65,000*	52,000*	25.0	1,975	33	31	6.5	44
21	**RED ROBIN**	124,000	100,000	24.0	3,200	58	47	23.4	18
22	**HUDDLE HOUSE**	55,000	44,500	23.6	356	179	147	21.8	22
23	**MAGIC PAN**	48,000*	38,862	23.5	1,200	40	34	17.6	28
24	**LE PEEP**	38,000*	31,000	22.6	595	69	67	3.0	47
25	**LONGHORN STEAKS**	38,000*	31,000*	22.6	1,875	22	18	22.2	21
26	**BLACK-EYED PEA**	88,000*	72,000*	22.2	1,415	70	55	27.3	13
27	**A&W RESTAURANTS**	157,872	129,829	21.6	263	602	476	26.5	14
28	**GOLD STAR CHILI**	40,000*	33,000*	21.2	420	97	83	16.9	29
29	**SPAGHETTI WAREHOUSE**	31,000	25,700	20.6	2,300	13	12	8.3	40
30	**O'CHARLEY'S**	36,000	30,000	20.0	1,500	24	19	26.3	15
31	**HUNGRY HOWIE'S**	50,000	42,000	19.0	310	160	140	14.3	33
32	**VIE DE FRANCE**	38,000	32,000	18.8	1,000	57	51	11.8	34
33	**IN-N-OUT BURGER**	33,000*	28,000*	17.9	625	56	46	21.7	23
34	**VALENTINO'S**	32,000	27,200	17.6	800	40	34	17.6	27
35	**GARCIA'S**	72,258	61,626	17.3	1,768	49	44	11.4	36
36	**THE AMERICAN CAFE**	35,000*	30,000	16.7	2,200	14	12	16.7	30
37	**MAID-RITE SANDWICH SHOPS**	56,000*	48,000	16.7	340	180	148	21.6	24
38	**BAKERS SQUARE**	216,800	189,400	14.5	1,424	159	150	6.0	45
39	**NATHAN'S FAMOUS**	40,000*	35,000	14.3	950	46	38	21.1	25
40	**HOUSTON'S**	81,000	71,176	13.8	4,263	18	18	0.0	49
41	**CHICK-FIL-A**	263,807	232,189	13.6	661	411	386	6.5	43
42	**ARK RESTAURANTS**	43,000*	37,853	13.6	2,050	21	19	10.5	37
43	**SHARI'S RESTAURANTS**	42,000*	37,000*	13.5	1,050	46	42	9.5	39
44	**COUNTRY PRIDE ESTAURANTS**	51,000*	45,000*	13.3	1,265	43	37	16.2	31
45	**KING'S FAMILY RESTAURANTS**	34,000	30,000	13.3	1,400	22	20	10.0	38
46	**PERKO'S KOFFEE KUP**	39,700*	35,200*	12.8	925	43	40	7.5	42
47	**MR. HERO/MR. PHILLY**	45,000	40,000	12.5	400	131	125	4.8	46
48	**DAMON'S**	45,000*	40,100	12.2	1,225	38	34	11.8	35
49	**WAFFLE HOUSE**	280,000*	250,000*	12.0	410	685	667	2.7	48
50	**TWO PESOS**	40,000	36,000*	11.1	1,540	26	28	(7.1)	50

* Technomic estimate

Only companies with at least a 10% growth rate in sales from 1988 to 1989 and 1989 U.S. systemwide sales between $20 million and $300 million were included in this study.



Source: Technomic Inc.

Chart by Peter K. Niceberg

2 Soup Exchange

San Diego, CA

RANK BY UNITS: 1

1989 U.S. Systemwide Sales:	**$46,060,000**
1989 U.S. Systemwide Units:	**29**

Soup Exchange's "All-you-should-eat" soup and salad bar concept is hitting markets all over the world. Big-name franchisees are taking the chain to Kansas City, MO, the Northeast, Denver, Raleigh, Atlanta, Canada, Australia, Japan, and Europe. A prototype smaller unit is being developed for international expansion. Soup Exchange's 60 salad bar items and six soups will soon be supplemented with low-sodium, low-cholesterol pasta salads.

3 Rally's

Louisville, KY

RANK BY UNITS: 2

1989 U.S. Systemwide Sales:	**$132,620,000**
1989 U.S. Systemwide Units:	**192**

Rally's is poised to take its broad fast-food menu and double-drive-thru format to sites around the country, and will start by adding 80 company and franchised units to the chain in 1990, for a total of 275 units by year end. Now in 24 states, Rally's plans to fill out existing markets this year. The company went public in October 1989, and a controlling interest (48%) was acquired by a group led by California investor Burt Sugarman. The stock price has risen nearly 25% since then.

4 Old Country Buffet

Eden Prairie, MN

RANK BY UNITS: 8

1989 U.S. Systemwide Sales:	**$115,376,000**
1989 U.S. Systemwide Units:	**78**

Owned by publicly held Buffets Inc., Old Country Buffet is a chain of self-service restaurants located primarily in the Midwest. Restaurants are both company-owned and franchised. Customers pay as they enter the restaurants for lunch, dinner or Sunday breakfast, and help themselves to foods lining two sides of a service line. Second helpings and desserts are available at no extra charge. Many units have banquet rooms.

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5

Hooters

Atlanta

RANK BY UNITS: 7

1989 U.S. Systemwide Sales:	**$60,000,000**
1989 U.S. Systemwide Units:	**33**

Hooters is a chain of casual restaurants with a rustic atmosphere. Most units, both company-owned and franchised, are in the Southeast, Colorado, and Texas. Beginning next year, franchise growth will be through multiunit development agreements only. Catering to a male audience in the 30-to-50-year-old age group, Hooters' specialties are a dish of 36 steamed oysters and a basket of chicken wings. Units have a lively atmosphere. Parent Eastern Foods makes many of the sauces used.

STAYING POWER

Only 21 chains have stayed in the Top 50 list since last year.

	This year's rank	*Last year's rank*
Ark Restaurants	42	23
Bakers Square	38	21
Black-Eyed Pea	26	29
Chick-fil-A	41	36
Cracker Barrel Old Country Store	16	10
El Pollo Loco	9	4
Houston's	40	20
Huddle House	22	40
L&N Seafood	7	24
Le Peep Restaurants	24	14
Levy Restaurants	20	43
Old Country Buffet	4	5
Old Spaghetti Warehouse	29	18
Pizzeria Uno	13	9
Rally's	3	1
Red Robin	21	25
Ruby Tuesday	15	8
Ryan's Family Steak Houses	19	17
Sbarro	18	11
Valentino's	34	22
Vie De France	32	12

Source: Technomic Inc.

6

I Can't Believe It's Yogurt

Dallas

RANK BY UNITS: 4

1989 U.S. Systemwide Sales:	**$43,000,000**
1989 U.S. Systemwide Units:	**284**

Growth seems to be in the culture at ICBIY. The frozen yogurt specialty shop chain (all but 10 franchised) plans to end calendar 1990 with more than 400 units. Already nationwide, ICBIY is filling out Northeast and Midwest markets. The first Chicago store opened this spring. Unit growth is being helped by a new kiosk program. Cafeterias, office buildings, and supermarkets are featuring one or more three-flavor, self-serve ICBIY dispensers presented in a kiosk format.

7

L&N Seafood

Mobile, AL

RANK BY UNITS: 9

1989 U.S. Systemwide Sales:	**$52,800,000**
1989 U.S. Systemwide Units:	**24**

Aiming for rapid growth, this chain has dropped the "Grill" from its name, allowing for significant menu expansion. Joining mesquite-grilled fish on the menu now are live Maine lobster, shellfish, and express lunch items. All fish can be ordered grilled, broiled, or pan-fried. A new decor package is more casual than in the past, featuring a brick exterior with a flat awning. Even the logo has been redesigned. Most new units will be freestanding; the prototype freestanding unit will open soon in Chattanooga, TN.

8

Souplantation

Del Mar, CA

RANK BY UNITS: 5

1989 U.S. Systemwide Sales:	**$35,000,000**
1989 U.S. Systemwide Units:	**18**

While expanding rapidly, this chain of company-owned salad buffet stores works constantly to distinguish itself from its competitors. Adding Caesar salad, focaccia, and chicken sesame salad to Souplantation's 60-item buffet was a recent move in that direction. Units in the Bay Area, Souplantation's newest market, are called Sweet Tomatoes. A smaller, 7,000-sq.-ft. prototype is in the works. Souplantation is owned by privately held Brook & Mack Inc.

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9 El Pollo Loco

Irvine, CA

RANK BY UNITS: 12
1989 U.S. Systemwide Sales: $175,000,000
1989 U.S. Systemwide Units: 192

El Pollo Loco's signature charbroiled chicken product is being served in 17 domestic markets; plans call for building more company and franchised units within those markets. Florida, Oregon, Northern California, and Southwestern states will see the most growth. Last October, Winchell's veteran Jim Verney joined El Pollo Loco as president. Like Denny's, El Pollo Loco is owned by TW Food Services of Spartanburg, SC. Coniston Partners holds a majority share in the company.

10 Ruth's Chris Steak House

New Orleans

RANK BY UNITS: 10
1989 U.S. Systemwide Sales: $55,000,000
1989 U.S. Systemwide Units: 26

A conservative steak house housed in a variety of types of buildings across the country, Ruth's Chris continues to expand with only four or five new restaurants a year. It began 1990 by opening a unit in the New York City suburb of Weehawken, NJ, and may open company or franchised units in Orlando, FL, Detroit, Baltimore, San Diego, and Toronto, which would be its first international presence. A mixed grill added last year was the only significant food change, and new items, including duck, are in test.

11 Au Bon Pain

Boston

RANK BY UNITS: 16
1989 U.S. Systemwide Sales: $58,000,000
1989 U.S. Systemwide Units: 71

This 80-unit chain of French bakery cafes continues to grow at a steady pace, opening approximately 10 stores a year, few of them franchised. For the second year, New York City, Philadelphia, and Washington, DC, are expansion target markets. Looking to broaden its croissant/muffin/sandwich/soup menu, Au Bon Pain has several items in test. Among them are a grilled Cracked Pepper Chicken Sandwich served with a honey-mustard sauce, salad, and frozen yogurt.

12 Lamp Post Pizza

Tustin, CA

RANK BY UNITS: 41
1989 U.S. Systemwide Sales: $47,736,000
1989 U.S. Systemwide Units: 78

This rapidly growing pizza chain features a family-oriented atmosphere, catering to the sports-minded consumer. The restaurants serve a menu of pizza and Italian specialties and also offer beer and wine. Benches rather than chairs, and sports memorabilia covering the walls, entice sports teams throughout California to have group meals at Lamp Post. The chain is concentrated in the Southwest market, but all projected growth will be in California. A chicken topping is in test.

13 Pizzeria Uno Restaurant

West Roxbury, MA

RANK BY UNITS: 17
1989 U.S. Systemwide Sales: $87,647,000
1989 U.S. Systemwide Units: 63

Opening approximately 20 full-service restaurants a year has reaped annual 35% revenue increases for Pizzeria Uno. New markets include St. Louis; Minneapolis; Nashville; Lexington, KY; and Melbourne, Australia. Major markets such as Boston will see their first Pizzerio Uno TV ads this month. Expanding its specialty menu section with fajitas, ribs, and wings has proven successful, so two more new items—lasagna and tortellini—were rolled out.

14 Everything Yogurt

Staten Island, NY

RANK BY UNITS: 6
1989 U.S. Systemwide Sales: $65,000,000
1989 U.S. Systemwide Units: 300

This year, the predominantly franchised healthy food chain introduced its own line of no- and low-fat yogurts, which are available in 40 flavors. A higher-fat gourmet frozen yogurt product is now in test. EY, a new mall concept, will open its first strip center locations this year. And still smaller cart units are popping up in colleges and hospitals. The company also operates a Bananas kiosk, serving fruit shakes, in tandem with its units.

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15 Ruby Tuesday

Mobile, AL

RANK BY UNITS: 20

1989 U.S. Systemwide Sales:	**$166,000,000**
1989 U.S. Systemwide Units:	**98**

While this casual-dining chain fills out existing markets—with an emphasis on upstate New York, New England, and the Washington, DC, and Chicago areas—menu additions are rampant. A new menu includes seafood, fajita chicken and tostada entree salads, barbecued ribs, a barbecue sandwich, Smokey Mountain chicken, Southwestern chicken, and a deep-dish apple walnut pie. This summer, the chain will adopt the ProHealth Dining (PhD) program, a success with parent Morrison's noncommercial division.

16 Cracker Barrel Old Country Store

Lebanon, TN

RANK BY UNITS: 26

1989 U.S. Systemwide Sales:	**$190,186,000**
1989 U.S. Systemwide Units:	**79**

Cracker Barrel has taken family-style, table-service dining and traditional country fare to new markets. The 85-unit chain has entered Mobile, AL, and plans to take its first step across the Mississippi into St. Louis, later this year. Eighteen stores will open next summer, all company-owned. The trend toward healthy eating has finally hit Cracker Barrel, encouraging the chain known for country ham, biscuits, and gravy to offer options such as egg substitutes, margarine, grilled meats, and summer salads.

17 Cinnabon's World Famous Cinnamon Rolls

Seattle

RANK BY UNITS: 11

1989 U.S. Systemwide Sales:	**$32,000,000**
1989 U.S. Systemwide Units:	**125**

Although the chain has a narrow menu focus, two new products will complement this chain's signature cinnamon rolls in all stores by year end. Caramel Pecanova is a sticky bun-like product with a hint of rum flavor. A beverage, Mochalata Chill, combines iced coffee, chocolate, and whipped cream. A smaller cinnamon roll, called the Minibon, is in test. Three or four company stores, plus 10 to 20 franchised units, will be added to existing markets nationwide this year.

18 Sbarro

Commack, NY

RANK BY UNITS: 19

1989 U.S. Systemwide Sales:	**$196,000,000**
1989 U.S. Systemwide Units:	**369**

For three years straight, this quick-service Italian chain has opened an average of one store every five days. In addition to its traditional mall units, Sbarro is building in strip centers. Also, Marriott Corp. is operating toll road units, and Concession Air runs some airport operations. In conjunction with Trusthouse Forte PLC, Sbarro is testing the concept in England. In 1989, Sbarro operated restaurants in 44 states, plus Washington, DC, Canada, and Puerto Rico.

19 Ryan's Family Steak Houses

Greer, SC

RANK BY UNITS: 32

1989 U.S. Systemwide Sales:	**$295,312,000**
1989 U.S. Systemwide Units:	**141**

To attract the lighter eater, this budget steak-house chain now serves trout, charbroils entrees upon request, offers soft-serve yogurt in addition to ice cream, and features more salads on its Megabar. Decor is lighter and airier. A Mega Express lunch program, enabling customers buying only the Megabar for lunch to use a quicker line, will be in all stores by year end. Expansion of one unit will soon result in Ryan's first 500- seat restaurant.

20 Levy Restaurants

Chicago

RANK BY UNITS: 44

1989 U.S. Systemwide Sales:	**$65,000,000**
1989 U.S. Systemwide Units:	**33**

This diversified company is experiencing rapid growth in nontraditional markets. New are two concepts, The Fireworks Factory and Portobello Yacht Club, opened last year in Walt Disney World's Pleasure Island. Levy's Specialty Concession business is booming, with new foodservice opportunities at the Arlington International Race Course, the Lincoln Park Zoo, and the new World Music Theater. This spring, Levy began Chef's Express Delivery, offering food from the company's Chicago restaurants.

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21 Red Robin International

Irvine, CA

RANK BY UNITS: 18

1989 U.S. Systemwide Sales:	**$124,000,000**
1989 U.S. Systemwide Units:	**58**

Japan's Skylark Company Ltd. brought in new president Bill Miller in November to re-Americanize the chain. Since then, this casual dinner house has brought back old menu favorites and introduced new pasta and pizza dishes; also reintroduced is the chain's signature humorous menu. Annual unit volumes have since risen from $2.1 million to $2.4 million. A new 240-seat prototype emphasizes terrace seats. Six new units are under construction in West Coast markets.

22 Huddle House

Decatur, GA

RANK BY UNITS: 22

1989 U.S. Systemwide Sales:	**$55,000,000**
1989 U.S. Systemwide Units:	**179**

Privately owned Huddle House added 29 coffee shops during the last fiscal year, a 45% increase. This year, Florida, North Carolina, and Mississippi are targeted. Construction started recently on the chain's first unit inside a multiuse building. Traditional freestanding stores continue to be remodeled. Menus became lighter last year; grilled chicken, a chef's salad, and a club sandwich were added. Under consideration are lighter dressings, a chicken chef's salad, a 16-ounce T-bone steak, and chicken and patty melts.

23 Magic Pan

San Mateo, CA

RANK BY UNITS: 28

1989 U.S. Systemwide Sales:	**$48,000,000**
1989 U.S. Systemwide Units:	**40**

Magic Pan International, a subsidiary of Oakland, CA-based Bay Bottlers, has opened only three units in the last two years, a pace expected to continue. Frogg Lane Bar & Grill is the company's new growth vehicle. After operating only one, in Boston, for many years, the company has opened five within the last year, all in California, and plans to build five to 12 more West Coast units a year. The chain's $6.50 check average reaps approximately $2 million in sales per unit per year.

24 Le Peep Restaurants

Littleton, CO

RANK BY UNITS: 47

1989 U.S. Systemwide Sales:	**$38,000,000**
1989 U.S. Systemwide Units:	**69**

A new executive team took over management of the company in January 1989. After a year of evaluating the concept, they've begun making some major changes. The upscale breakfast, lunch, and brunch chain is testing a dinner menu, which features the standard 60-item menu plus a selection of stir-fry, pasta, and chicken dishes. A children's menu was added last year. The company has also initiated its first marketing and advertising campaign, with the theme "Taste What Makes Us Great."

25 Longhorn Steaks

Atlanta

RANK BY UNITS: 21

1989 U.S. Systemwide Sales:	**$38,000,000**
1989 U.S. Systemwide Units:	**22**

Longhorn Steaks is a traditional upscale steak house, complete with animal heads hanging on the walls. Still, fresh farm-raised salmon from Vancouver was added to the menu earlier this year to provide a lighter choice. A chicken kabob, popular at lunch, may soon be added to the dinner menu, as well. A billboard campaign kicked off this year features a set of horns smashing through a billboard.

26 Black-Eyed Pea

Dallas

RANK BY UNITS: 13

1989 U.S. Systemwide Sales:	**$88,000,000**
1989 U.S. Systemwide Units:	**70**

Under the direction of a new president, Angelo Pitillo, this country-cooking chain will increase by 15 company-owned and franchised stores this year, mainly in the Texas and Washington, DC, markets. Last year, charbroilers were added to all stores so that items such as halibut, chicken, chopped steak, and pork chops could be prepared more healthfully. A Bigger & Better Butter product is new on the menu in 1990.

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27

A & W Restaurants

Dearborn, MI

RANK BY UNITS: 14

1989 U.S. Systemwide Sales: $157,872,000

1989 U.S. Systemwide Units: 602

This fast-food hamburger chain continues to grow in its existing Midwest and West Coast market strongholds. Its signature item is homemade root beer served in frosty mugs. In 1989, the owners of Carousel Snack Bars converted their 100 mall stores into A&W Hot Dogs & More franchises for a boost of growth. This year, 30 new A&W units will open. A new prototype, featuring 1,700-sq.-ft. buildings that house a full menu, drive-thru service and seating, will be used for at least two of the new units.

28

Gold Star Chili

Cincinnati, OH

RANK BY UNITS: 29

1989 U.S. Systemwide Sales: $40,000,000

1989 U.S. Systemwide Units: 97

Burger Chef/Hardee's veteran John Sullivan joined this limited-menu fast-food chain as president this spring, bringing hopes of more menu items, better training, and revamped marketing programs to a family-owned operation. Nutrition will be a key issue. Gold Star sells far more Cincinnati-style chili (the signature chili is served over spaghetti with cheese on top) than anyone in this chili-crazed town. The company will soon have its second location in New Jersey's Newark airport.

29

Spaghetti Warehouse

Dallas

RANK BY UNITS: 40

1989 U.S. Systemwide Sales: $31,000,000

1989 U.S. Systemwide Units: 13

With average unit volumes of $2.6 million, this midprice Italian chain has decided to change its growth strategy. For the first time in its history, Spaghetti Warehouse is going to franchise, which should speed growth. The chain will open a new unit in Little Rock, AR, in October, and has sites for three more restaurants scheduled for 1991 debuts. A Lasagna Lover's Lasagna promotion early this year increased traffic counts by 5.5% in January and February. Blackboard specials are now in test in three units.

30

O'Charley's

Nashville

RANK BY UNITS: 15

1989 U.S. Systemwide Sales: $36,000,000

1989 U.S. Systemwide Units: 24

O'Charley's, a chain of casual-themed dinner houses, has added two restaurants this year, and plans to open two more, for a total of 28. One unit will be in Memphis, a new market; other locations are Louisville, KY; Oxford, AL; Knoxville, TN; and Pensacola, FL. Unit volumes average $1.7 million. Full bar service is offered. The last five restaurants opened have featured a more upscale decor, including historical paraphernalia such as old photographs and golf clubs.

31

Hungry Howie's Pizza & Subs

Livonia, MI

RANK BY UNITS: 33

1989 U.S. Systemwide Sales: $50,000,000

1989 U.S. Systemwide Units: 160

Flavored-crust pizza distinguishes Hungry Howie's from its competitors, and multiunit franchise agreements will help take the show on the road. Northern California and two Michigan markets were new in 1989; this year Port Huron, MI, and the I-75 corridor are target markets. Hungry Howie's brought its first-ever manager of marketing and public relations on board in January. A Preferred Customer Plan is under development.

32

Vie De France

McLean, VA

RANK BY UNITS: 34

1989 U.S. Systemwide Sales: $38,000,000

1989 U.S. Systemwide Units: 57

The French bakery and cafe chain recently opened several locations at Washington, DC's National Airport. While some are kiosks or carts, the newest is a full-service, 200-seat restaurant featuring entrees prepared from the company's new wholesale sous vide line. Rack of lamb and poached salmon are typical entrees, which will soon be tested in Vie de France downtown locations. For the first time, Vie de France has begun promotions and advertising.

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33 In-N-Out Burger

Baldwin Park, CA

RANK BY UNITS: 23

1989 U.S. Systemwide Sales:	$33,000,000
1989 U.S. Systemwide Units:	56

Year after year this tortoise plods steadily through its California market area, not penetrating new markets, not franchising units, and not adding new products to its 11-item, all-scratch menu. Still, In-N-Out continues to thrive, maintaining a strong, faithful following among its customers. A new television and radio campaign using the familiar "In-N-Out, that's what a hamburger's all about" theme was initiated this year to remind customers to visit the chain's drive-thru units.

34 Valentino's

Lincoln, NE

RANK BY UNITS: 27

1989 U.S. Systemwide Sales:	$32,000,000
1989 U.S. Systemwide Units:	40

Profits from Valentino's family-style Italian restaurants, which feature a comprehensive buffet of traditional Italian dishes, have provided the company with enough capital to open many of its own units; the chain plans to stop franchising in the near future. However, it will continue to expand in the Midwest. A commissary will likely be built to accommodate all units and streamline operations; it may also be used for another Val Ltd. subsidiary, the King's hamburger concept.

35 Garcia's Mexican Restaurants

Scottsdale, AZ

RANK BY UNITS: 36

1989 U.S. Systemwide Sales:	$72,258,000
1989 U.S. Systemwide Units:	49

While Garcia's expands its Mexican dinnerhouse concept more fully into California and begins expansion on the East Coast, menu additions have been a focus of increasing unit sales. A new menu includes corn cob soup, potato skins, and two new combination plates, the El Grande Sampler and The Big Dinner. Steak and chicken picado are also new, as is a daily luncheon special. Decor upgrades of existing units feature a clean, Mayan look replete with idols and ceramic pots.

36 The American Cafe

Laurel, MD

RANK BY UNITS: 30

1989 U.S. Systemwide Sales:	$35,000,000
1989 U.S. Systemwide Units:	14

As American Cafe continues to bring its regional American cuisine restaurants to four more capital-area sites a year, it has added a second growth vehicle, American Cafe Express. The limited-menu, fast-food-style Express generates $800/year per square foot. A new prototype for the American Cafe unit is opening in August and will feature an understated decor. Typical customer: upwardly mobile 25- to 49-year-old; working women account for more than 50% of the market. The chain is owned by W.R. Grace & Co.

37 Maid-Rite Sandwich Shops

Des Moines, IA

RANK BY UNITS: 24

1989 U.S. Systemwide Sales:	$56,000,000
1989 U.S. Systemwide Units:	180

This 64-year-old company specializes in selling a specially seasoned double-ground loose meat sandwich on a hamburger bun. Maid-Rite recently decided to grow nationwide; it has commitments for an additional 100 stores, 30 to 50 of which should be open by year end, and is looking for more franchisees. Chain is operating primarily in Iowa, but also in Missouri, Arkansas, Minnesota, Colorado, Arizona, and Illinois. Decor upgrades, featuring its red, white and black decor, are providing a more consistent look.

38 Bakers Square Restaurant & Pie Shop

Denver

RANK BY UNITS: 45

1989 U.S. Systemwide Sales:	$216,800,000
1989 U.S. Systemwide Units:	159

Finally coming out of a long struggle caused by converting Sambo's units to Bakers Square, parent VICORP's stock has doubled in the last year. With a presence in many Midwest and California markets, expansion focuses on filling in existing markets. All units are company owned and are located in nine states. The family-oriented chain specializes in freshly baked pies (45% of sales). Lunch, dinner, and snacks are also served. Mixed-grill dinners were added to the menu early this year.

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39 Nathan's Famous
Westbury, NY

RANK BY UNITS: 25

1989 U.S. Systemwide Sales:	**$40,000,000**
1989 U.S. Systemwide Units:	**46**

This privately held, 75-year-old hot dog chain plans to double the number of franchised stores to 80 by year-end '91, and grow to 250 franchised units within three to five years. In conjunction with franchisee Marriott Corp., new Nathan's units will be located on tollways, in airports, and in noncommercial foodservice facilities. A double-drive-thru-only prototype is also being developed. Markets being eyed outside Nathan's East Coast stronghold are the West Coast, Puerto Rico, the Far East, and Europe.

40 Houston's
Atlanta

RANK BY UNITS: 49

1989 U.S. Systemwide Sales:	**$81,000,000**
1989 U.S. Systemwide Units:	**18**

Privately held Houston's takes the slow, low-key route to growth. However, with average unit volumes exceeding $4 million, even two or three new openings this year will keep the upscale, table-service chain in our Top 50. Already in 11 states and Washington, DC, Houston's plans to enter Boca Raton, FL, and Manhattan Beach, CA, this year. A second unit will be opening in New Orleans soon. All Houston's units are owned and operated by the company.

41 Chick-fil-A
Atlanta

RANK BY UNITS: 43

1989 U.S. Systemwide Sales:	**$263,807,000**
1989 U.S. Systemwide Units:	**411**

Looking to attract the calorie-conscious fast-food eater, in June Chick-fil-A introduced a sugar-free version of its signature hand-squeezed lemonade, made with an artificial sweetener. The company, known for fried boneless chicken, had already rolled out a few chargrilled chicken items and a salad. The privately held company continues to grow at its 35-store-a-year rate, opening joint-venture stores with mom-and-pop operators. Half of 1990's new stores will be freestanding, a change for this mall-location chain.

42 Ark Restaurants
New York City

RANK BY UNITS: 37

1989 U.S. Systemwide Sales:	**$43,000,000**
1989 U.S. Systemwide Units:	**21**

Ark operates 18 urban restaurants, almost all distinctly different concepts. Its latest unit is Sequoia, a 1,000-seat waterfront restaurant in Washington, DC, at the site of Warner Leroy's defunct Potomac. Two more projects will be announced shortly. Last year, the innovative company opened three new restaurants, two of them partnerships with big-name restaurateurs who came to Ark management for New York know-how, deep pockets, and enviable purchasing power.

43 Shari's Restaurants
Portland, OR

RANK BY UNITS: 39

1989 U.S. Systemwide Sales:	**$42,000,000**
1989 U.S. Systemwide Units:	**46**

This 24-hour coffee-shop chain underwent a leveraged buyout in June 1989 from StratAmerica Corp., and, at about the same time, began an expansion program. Parent Shari's Management Corp. owns and operates 34 family-style restaurants in Washington and Oregon, and plans to open eight to 10 more a year in those states. Sole licensee Shari's Franchise Corp., Sacramento, CA, owns nine units, which the parent company manages. Estimated average unit volume for '89 is $1.05 million.

44 Country Pride Restaurants
Cleveland

RANK BY UNITS: 31

1989 U.S. Systemwide Sales:	**$51,000,000**
1989 U.S. Systemwide Units:	**43**

Country Pride units are 24-hour coffee shops located in truck stops across the country, in complexes offering shower and sleeping accommodations. Operated by Truckstops of America, a division of British Petroleum, the family-style restaurant chain has only three franchise locations. A new franchising program will soon be introduced, however. Some health-oriented foods were added to the menu in May 1989, and more are in test. David Robb was named president in January.

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45 King's Family Restaurants

McKeesport, PA

RANK BY UNITS: 38

1989 U.S. Systemwide Sales:	$34,000,000
1989 U.S. Systemwide Units:	22

Parent King's Country Shoppes keeps its King's Family Restaurants chain close to home, opening only one to three 24-hour restaurants a year and never straying far from its Western Pennsylvania base. Responding to consumer requests, the chain is testing lower-fat ingredients and items such as margarine, skim milk, and oat bran muffins in its stores. The three newest King's Family units feature a lighter decor package, using pastel colors with the chain's signature country motif.

46 Perko's Koffee Kup

Fresno, CA

RANK BY UNITS: 42

1989 U.S. Systemwide Sales:	$39,700,000
1989 U.S. Systemwide Units:	43

Nearly two decades old, this family-style coffee-chain plans a major expansion soon, looking to add 25 stores within five years. Franchised units would account for most of that growth. A new advertising campaign late last year in two California markets increased sales by as much as 16%. The theme was "Down Home Cooking at Down Home Prices." Wolfman Jack hosted a radio add touting Perko's June/July '50s promotion, "Perko's Greatest Dining Hits."

47 Mr. Hero/Mr. Philly

Middleburg Heights, OH

RANK BY UNITS: 46

1989 U.S. Systemwide Sales:	$45,000,000
1989 U.S. Systemwide Units:	131

Aiming to attract more families to this quick-service concept, Mr. Hero (the company's growth vehicle) launched a children's menu in June, backed by a full media program. Items, served with a premium in a colorful box, include all-muscle Chicken Tenders in sandwich or boat form, a hamburger, or half a "Deli-Bite" or regular sandwich. This fall, a chopped, lean muscle steak sandwich on an oat bran roll, with no saturated fats, will be tested. Soft-serve and hard yogurts are currently in test.

48 Damon's — The Place For Ribs

Hilton Head Island, SC

RANK BY UNITS: 35

1989 U.S. Systemwide Sales:	$45,000,000
1989 U.S. Systemwide Units:	38

Damon's will bring its table-service barbecue concept to Michigan and Pennsylvania in 1990, giving the franchised and subfranchised chain a 12-state presence. Eight units have been upgraded to Damon's Clubhouse, featuring an upscale decor, big-screen TVs, and an interactive video system that enables customers in stores across the country to compete in sports-related games. In late '89 Damon's expanded its menu, adding chicken wings and nachos, five chicken sandwiches, and entree salads.

49 Waffle House

Norcross, GA

RANK BY UNITS: 48

1989 U.S. Systemwide Sales:	$280,000,000
1989 U.S. Systemwide Units:	685

This 24-hour coffee-shop chain has two goals for the 1990s: to be America's place to work and to eat. Training is behind the new emphasis. Waffle House University opened a year ago, and many new programs are being developed. Waffle House is concentrating on expanding with company-owned stores only. The restaurants now operate in 20 states, including Georgia, Texas, Florida, Colorado, New Mexico, and Indiana. Menu: breakfast specialties and dinner items, including chicken, seafood, and sandwiches.

50 Two Pesos Mexican Cafes

Houston, TX

RANK BY UNITS: 50

1989 U.S. Systemwide Sales:	$40,000,000
1989 U.S. Systemwide Units:	26

After two unprofitable years, this upscale quick-service Mexican chain saw top management changes recently. Its president and executive vice president resigned, leaving chairman Marno McDermott to handle all company operations for two months. In April, Houston restaurateur Ghulam Bombaywala came on board as president; he'll eventually take over 25% of the company's stock and become CEO. Meanwhile, Two Pesos unveiled its Two Pesos II unit, one-quarter the size of a traditional store.

RB

STEAK

MARKET SEGMENT REPORT

BY JACQUE KOCHAK

Although Stuart Anderson's Black Angus/Cattle Company Restaurants focuses on beef, it also has seafood entrees.

The steak house segment continues to be a study in contradictions, a puzzle with pieces that don't quite fit. The puzzle is, that while beef sales continue to decline, upscale steak restaurants glory in ever-increasing sales bolstered by the loyalty of a well-heeled clientele. Meanwhile, the former budget steak houses continue their successful march into the family segment.

Steak houses such as Morton's in Chicago, Peter Luger's and Smith & Wollensky in New York City, and Bern's in Miami serve prime, aged beef. Business executives on expense accounts and special-occasion diners relish the chance to sup on the kind of succulent beef that is difficult to find elsewhere, and they're willing to pay top dollar.

BETTER THAN EVER. "I keep reading that less beef is being consumed, but that must be in the home, not in restaurants," says Ruth Fertel, founder of New Orleans-based Ruth's Chris Steak Houses, an upscale chain. "Even in New Orleans, which is in a recession, our sales are better than ever."

Most of the former budget steak houses are doing well, too, although few are squarely in the steak house segment anymore. Some of them now derive less than 50% of sales from beef. After a period of struggle as red meat sales dropped off, most chains have adjusted—and changed images.

Now, the segment is extremely competitive and widely viewed as being mature, but some prognosticators see cause for real optimism in demographic trends. For example, many were surprised when industry veterans Michael Stack and Frank Carney bought Western Sizzlin' a couple of years ago, but Stack says that the chain fit a predetermined profile.

"We like midscale restaurants better than fast food, because an aging population is moving toward mid-price, comfortable restaurants," Stack says.

The trend is, indeed, away from the consumption of red meat, but the reasons for the decline are still un-

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Diners look upon steak dinners as a special occasion meal.

clear. Americans have been eating less meat every year since 1971, and beef consumption in particular has been declining since 1976, according to Judith Putnam, USDA Food Consumption Department. That year, the average American ate 88.9 lb. of beef; by 1989, that figure had slipped to 65 lb. a year.

In 1976, however, beef was, comparatively speaking, a real bargain. Beef prices were low in comparison to competing foods. Today, poultry and pork are seen as a much better value, while beef prices can strain the budget.

It is clear that foodservice operators—except for upscale steak houses—are offering a lower proportion of meat items on their menus. According to the National Restaurant Association's 1990 Foodservice Industry Forecast, meat entrees composed the largest percentage of entrees in 1984 at 27%. Yet five years later, in 1989, meat entrees made up only 22% of entrees. All types of meat entrees (beef, pork, veal, lamb, and game) declined in share except for pork, up by 31%.

FAMILY STEAK HOUSES. By far the largest factor in the steak house segment is giant Metromedia Steak Houses Inc., born of the marriage of Ponderosa and Bonanza steak houses earlier this year. Dayton, OH-based Metromedia steak houses is a wholly owned subsidiary of giant Metromedia Inc.; total 1989 systemwide sales for the steak houses reached $1.3 billion.

Ponderosa spokeswoman Margaret Nelson says that the company does not release very much information, but that the division operates 397 company-owned units, 307 domestic franchised units, and 31 international franchised units. Average unit sales for a domestic franchised Ponderosa in 1989 topped $1 million.

Some steak chains derive less than 50% of sales from beef.

Ruth Fertel is founder of Ruth's Chris Steak Houses, an upscale chain.

Bonanza operates 574 family restaurants, 508 domestic franchised units, 64 international franchised units, and only two company-owned units. Average sales for a domestic franchised Bonanza unit were approximately $965,000.

Bonanza's vice president of marketing, Lane Schmeising, says that the company's expansion plans call for continued new openings, with 30 under development at present.

The company's marketing focus right now is on "providing exceptional value, delivered by a variety of menu items," says Schmeising.

A series of new broiled products is being rolled out, including two steaks. One is a peppercorn sirloin, and one is a Hawaiian sirloin with a teriyaki and pineapple marinade. Also included is broiled shrimp.

Schmeising notes that Bonanza's menu mix has stabilized in the last couple of years, with red meat now generating about 40% of sales compared with 70% six or seven years ago.

Los Angeles-based Sizzler, a subsidiary of Collins Foods, continues to announce that the concept no longer fits into the steak house segment, and rightly so. Beginning in 1983, Sizzler began a transformation that has moved its restaurants squarely into the family dining segment. The result has been steady growth over the last five years.

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STEAK
MARKET SEGMENT REPORT

In addition to its steaks, Western Steer has revamped its food buffet.

Many steak chains find themselves in competition with family dining chains.

Sizzler now serve a varied menu, with steak making up only 35% of sales. As the menu changed, so did units. Restaurants now boast lots of glass and plants, and a much lighter atmosphere than in the past.

The company, with nearly half its units in California, is expanding into the Northeast and Southeast. Franchise agreements have been finalized for expansion into the Pacific Basin.

Dallas-based Western Sizzlin' Inc., with 515 units and 1989 systemwide sales of $465 million, has shown impressive sales growth since its acquisition in late 1988. The company is now owned by Intermark/Triton, a $1 billion operating and holding company that holds 51% of the company, and a management group led by Michael Stack and Frank Carney, which owns 49%.

Carney, one of the founders of Pizza Hut, is chairman of the board and responsible for strategic planning, franchising, marketing, and site selection. President Stack has also held that position at Stack Enterprises, a company involved in restaurant development, acquisitions, management, consulting, and private investments, since 1984. Previously, he was a Chi-Chi's franchisee and worked for Pizza Hut, Marriott, and Host International.

Their decision to buy the ailing chain has clearly paid off. Since the company's acquisition, average unit sales are up 18%, to $918,000. A Japanese restaurant company has signed a franchising agreement for 250 locations over the next 24 years, and a new Canadian franchisee has agreed to open another 250 units over the next 20 years. Several domestic area development agreements have been sold, and the company continues to sell single unit franchises in selected areas.

Stack attributes the company's successes to the introduction of new menu items, and new marketing and training programs for franchisees.

Both seafood and chicken have been added to the menu, and a $2.99 lunch program featuring 20 luncheon entrees has been introduced. Entrees range from a chicken breast platter featuring teriyaki, barbecue, grilled, Cajun or fried chicken, to a catch-of-the-day and a luncheon-sized country-fried steak with mushroom or cream gravy.

All new television commercials have been aired, and the whole marketing program has been revamped. Franchisees have received new support materials. A new restaurant prototype has been developed, with several of the Texas colonial buildings under construction and a number of other restaurants being remodeled. The company also introduced new logo graphics and redesigned menu boards. The new logo advertises "steak and more."

Western Sizzlin's units are clustered primarily in the Southeast, reaching into the Northeast and the Southwest. Part of the company's strategy is to solidify the Southeastern core market through the establishment of standards, then retrain franchisees to comply with those policies.

The company's goal is to expand its restaurant system to over 1,000 locations by the end of 1995. Of the 1,000 units, 25% will be company owned.

Greenville, SC-based Ryan's Steak Houses, a company that dazzled the industry in past years with its sales growth but encountered some problems in the last couple of years, has regained its stability. Sales for the first quarter were up 4% to 6% over the prior year period, says Randy Hart, vice president of human resources.

MEGA BAR. The company has been updating and remodeling units. Ryan's Mega Bar, an overflowing, all-you-can-eat buffet, continues to contribute 50% of sales, says Hart.

Ryan's is located in 19 states, primarily in the Southeast but scattered as far

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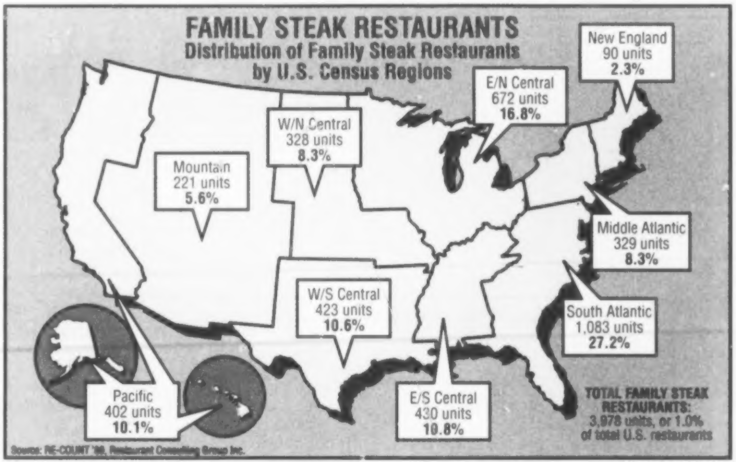
FAMILY STEAK RESTAURANTS
Distribution of Family Steak Restaurants by U.S. Census Regions
New England 90 units 2.3%
E/N Central 672 units 16.8%
W/N Central 328 units 8.3%
Mountain 221 units 5.6%
Middle Atlantic 329 units 8.3%
W/S Central 423 units 10.6%
South Atlantic 1,083 units 27.2%
Pacific 402 units 10.1%
E/S Central 430 units 10.8%
TOTAL FAMILY STEAK RESTAURANTS: 3,978 units, or 1.0% of total U.S. restaurants

Source: RE-COUNT '90, Restaurant Consulting Group Inc.

Map by Peter K. Niceberg

About 27% of family steak restaurants are located in the South Atlantic region.

as Michigan, Indiana, Illinois, and Missouri. Sixteen company units are planned to open in 1990, plus three new franchised units.

Systemwide sales in 1989 reached $300 million, with average unit volume of $2.3 million. The company operates 147 units; 32 are franchised.

Spartanburg, SC-based Quincy's Family Steak Houses is part of TW Services, the fourth largest foodservice company in the U.S. with 1989 revenues of $3.5 billion. In addition to Quincy's, TW Services owns Canteen Corp., Denny's Restaurants, and El Pollo Loco, and franchises Hardee's.

Quincy's sales in 1989 totaled $263 million, with an average check of $5.36 and average unit volume of $1.2 million.

The restaurants offer limited table service, with steak, chicken, and seafood entrees as well as freshly baked rolls and a buffet-style food bar called the Country Sideboard.

The company operates 213 units, all in the Southeast, and manager of public relations, Karen Randall, says that a new television advertising campaign featuring the Big Fat Yeast Roll was recently rolled out.

The advertisements feature a walking, talking yeast roll. Yeast rolls, baked fresh daily, are a signature product for Quincy's and are served with every meal.

Claremont,NC-based WSMP Inc., the parent company of Western Steer steak houses, has developed a new design for its restaurants. The ambience is a big step away from the old, dark, budget steak house atmosphere, with light-toned woods and a modern mauve interior. The center attraction in the new design is the restaurant's food bar.

One of the new units has opened in West Virginia, and the company hopes to open 30 more new units in the next 12 months. Franchisees are also encouraged to lighten up their restaurants with a new decor package.

WSMP's ownership changed just over two years ago, with former franchisee Cecil Hash becoming president. For more than a year, the new owners focused on sharpening internal operations and exploring options for the future. Not until late 1989 were any programs implemented.

In addition to the new design, the company has revamped its food buffet, offering a number of new entrees and lowering the suggested lunch price for the buffet to $3.99 Monday through Friday. The price is $4.99 evenings and weekends. Formerly, the buffet's cost was $4.79 for lunch or dinner.

LESS CHOLESTEROL. WSMP is also beginning to let customers know that its beef is lean, natural aged, USDA choice, and raised by a single supplier to contain less cholesterol than comparable beef. WSMP's beef contains no more cholesterol than a chicken breast, says senior vice president James C. Richardson Jr., and that fact is being communicated by a series of four new placemats. The first one announces that "We Put Our Steak on a Diet."

The company also recently announced its first year-long national marketing plan, with promotions from April through March of 1991 outlined.

Hutchinson, KS-based Sirloin Stockade, with 69 units in operation from Wisconsin to Texas, is among those former budget steak houses that are continuing to move into the family restaurant segment and reporting sales increases over last year.

Over the next 12 months, an additional 10 to 15 Sirloin Stockade units will open throughout the company's existing market area. Two-thirds of the new units will be opened by existing franchisees and the company, and the other one-third will come from new franchisees.

Like most of the other former budget steak houses, Sirloin Stockade now offers a large food bar, dubbed the Extravaganza Bar, which is now going into all stores. The company has also added three Delite entrees, all of them low in sodium, cholesterol, saturated fats, and calories.

Nevertheless, some 75% of sales still derive from red meat. Among the popu-

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lar meat entrees are chicken-fried steak, chopped steak, and meat loaf.

The company is going through a period of revamping its way of doing things in a number of areas. For example, it has a series of 11 training films plus booklets for hourly employees, with the aim of cutting down on turnover. New uniforms have been introduced, as well as new menu boards and a new marketing program.

FIRMLY FOCUSED. Solana Beach, CA-based Chart House Inc., long a strong but silent competitor in the upscale part of the steak segment, is now publicly traded and executives are willing to talk about the $140 million company.

Steven Rockwell of Alex. Brown & Sons, a restaurant analyst, notes that Chart House is the most upscale of any publicly owned restaurant company. He adds that the company is in an excellent position to take advantage of long-term demographic trends, such as the aging and increasing affluence of the population. He says that Chart House benefits from being a well-run, well-established chain in a market dominated by independents and regional chains.

The company operates 60 Chart House restaurants as well as 24 Paradise Bakery mall outlets. Chart Houses are typically open only for dinner and offer steak, prime rib, fresh fish, chicken, and seafood. The average check is about $20, without drinks.

Average unit volumes vary widely, from $2.2 million to $6.3 million. Chart Houses are known for their unconventional locations. Chart House management currently has more than 40 locations under review.

THE TOP STEAKHOUSE CHAINS

COMPANY NAME	1989 SYSTEMWIDE SALES	NUMBER OF UNITS	AVERAGE UNIT VOLUME
Metromedia Steakhouses Dayton, OH	**$1.3 billion**		
• Ponderosa Division		**735**	**$1 million**
• Bonanza Division		**574**	**$965,000**
Sizzler Los Angeles	**$883 million**	**628**	**$1.5 million**
Western Sizzlin Dallas, TX	**$465 million**	**515**	**$918,000**
Golden Corral Raleigh, NC	**$397 million**	**519**	**$765,000**
Ryan's Greenville, SC	**$300 million**	**147**	**$2.3 million**
Quincy's Spartenburg, SC	**$263 million**	**213**	**$1.2 million**
Western Steer Claremont, NC	**$195 million**	**175**	**$960,000**
Chart House *Varies widely, from $2.2 to $6.3 million	**$140 million**	**60**	**$3 million***

The steak segment has experienced much consolidation.

Stuart Anderson's Black Angus/Cattle Company Restaurants, owned by Newport, CA-based American Restaurant Group, also continues to focus on beef, achieving success by adding more variety within that category, says vice president of marketing Julia Stewart.

New entrees include a filet mignon stuffed with blue cheese, mushrooms, and herbs ($11.95), and a top sirloin marinated in teriyaki sauce and grilled with fresh pineapple ($9.25). A whiskey pepper steak is coated with coarse black pepper, grilled, and topped with bourbon-laced sauce—price is $8.95 for a petite cut and $9.95 for a regular cut.

New toppers also help add variety and interest to the menu. Steaks can be topped with sautéed mushrooms and sherried *au jus* for an additional $1, or coated with Cajun spices and seared, also for an additional $1. All dinners are served with a new Bountiful Salad, with unlimited refills.

The new menu also incorporates a wine list for the first time. An addition in Southern California is a Fast Track section, with entrees in 10 minutes or less, or free.

The company operates 84 restaurants, most under the Black Angus name but some under the Cattle Company name. American Restaurant Group, which also operates the Velvet Turtle, Spoons Grill & Bar, Grandy's and Spectrum Restaurants chains, does not divulge sales figures for any of its operations.

PRIME APPEAL. Among the upscale restaurants flourishing in the steak house segment are New Orleans-based Ruth's Chris Steak Houses, with 27 units in major cities coast to coast.

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Among the strong independent operations is Memphis-based Folk's Folly.

Metromedia Steak Houses Inc. combines the Ponderosa and Bonanza chains.

"Our sales are up all over the country," says founder Fertel. "It's amazing. I thought we couldn't beat 1987, but 1988 was better. Then 1989 was better again."

In fact, same-store sales are up as much as 25% over 1988, she says. "I just think that people are looking for a better value for their money," she adds.

The company's sales last year reached $48 million, with units averaging about $2 million apiece. Average check at dinner is $35.

Like other upscale steak houses, Ruth's Chris offers prime, aged beef—unlike the beef the typical consumer finds in local supermarkets. The customer pays a premium, but the sense of value is there.

All 27 Ruth's Chris restaurants offer the same menu, but decor varies from site to site. Most units are freestanding, but the company recently began opening in office buildings, says Fertel.

Seventeen of Ruth's Chris restaurants are franchised, unusual for an upscale concept.

"When a new unit opens, a crew of about seven people and I go there for a month, and we make sure the food and service are right," Fertel says. "We treat each restaurant as though it were independent, not part of a chain. And each restaurant has the freedom to add a few menu items that are particularly popular in the region."

Also thriving is Chicago-based Morton's, with 10 units open in Chicago, Denver, New Orleans, Dallas, Washington, DC, Atlanta, Boston, and Philadelphia. All are company owned; another four units are set to open.

The company's president, Klaus Fritsch, says there have been no changes in the restaurant concept since its inception 12 years ago, yet sales are up slightly this year.

"We don't want to be like every other restaurant. We have our own identity. The guy who wants a steak once a month thinks he might as well have the best, and he knows to come here."

Like other upscale steak house proprietors, Fritsch notes that plenty of customers still like steak. "Our fish and chicken sales are not up, just our red meat sales," he notes.

Among the strong independent operators finding durable success in the steak house segment is Memphis-based Folk's Folly, seating 400 people and boasting annual sales of $3.5 million.

Part of Folk's Folly's appeal is the enormous portions. Ribeyes, strips and T-bones weigh in at a full pound.

Despite an emphasis on quality and a $38 average check, Folk's Folly manages to maintain a comfortable, slightly down-home image and ambience. For example, an appetizer lists marinated catfish fillet and fried dill pickle chips along with carpaccio, shrimp remoulade, and crab leg cocktail.

The restaurant was once an old home with wide, breeze-swept verandas, and that comfortable ambience has been retained. There is no dress code, but white tablecloths and a discreet piano player promote a quiet elegance.

Folk's Folly serves only prime, aged beef, and all steaks except T-bones are cut in-house. The restaurant just opened the Prime Cut, a butcher shop on-premise.

Despite past troubled years, the steak house segment is showing a surprising vitality and signs of renewed growth, according to Folks management.

"We offer a few seafood selections, but 85% of our sales come from prime steak," says Folk's Folly general manager Kelley Aur. "Our business increases every year, and we've expanded eight times since we opened 13 years ago. There's clearly a market for steak." **RB**

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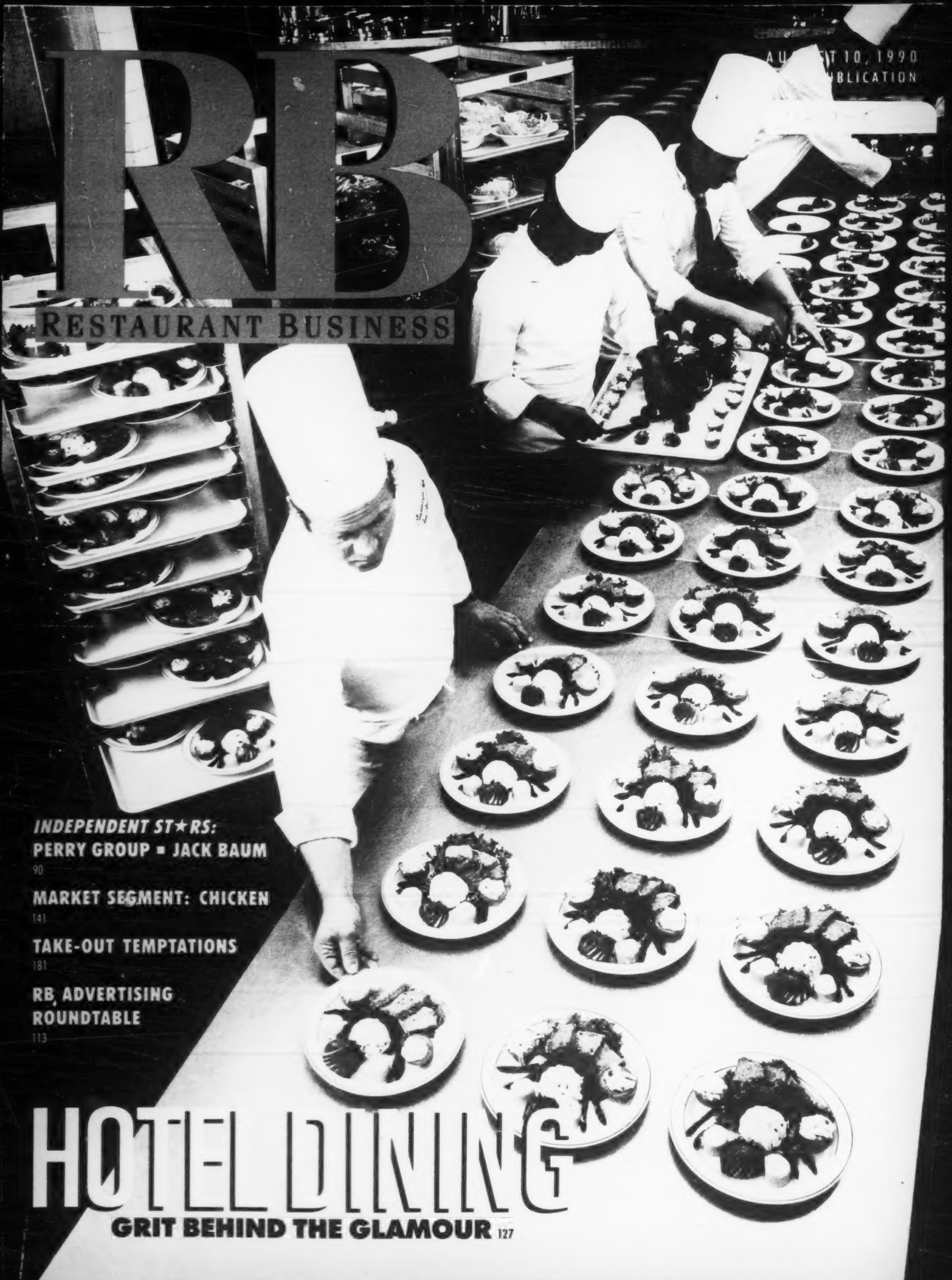

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BUSINESS BAROMETER

Upscale, Downscale, Midscale

(Figures by household)	Upscale (20.8%)	Midscale (33.3%)	Downscale (45.9%)
Income	over $50,000	$25,000-$49,000	under $25,000
Median Age	42	41	*51
College Educated	47.5%	23.7%	9.7%
Families	88.7%	79.1%	56.9%
Married Couples	82.0%	66.9%	36.6%
Female-headed families	4.1%	8.5%	17.5%
With children under 18	42.7%	41.6%	29.2%
One person in household	5.9%	15.4%	39.5%

Source: *American Demographics*, using Census Bureau's March 1989 Current Population Survey

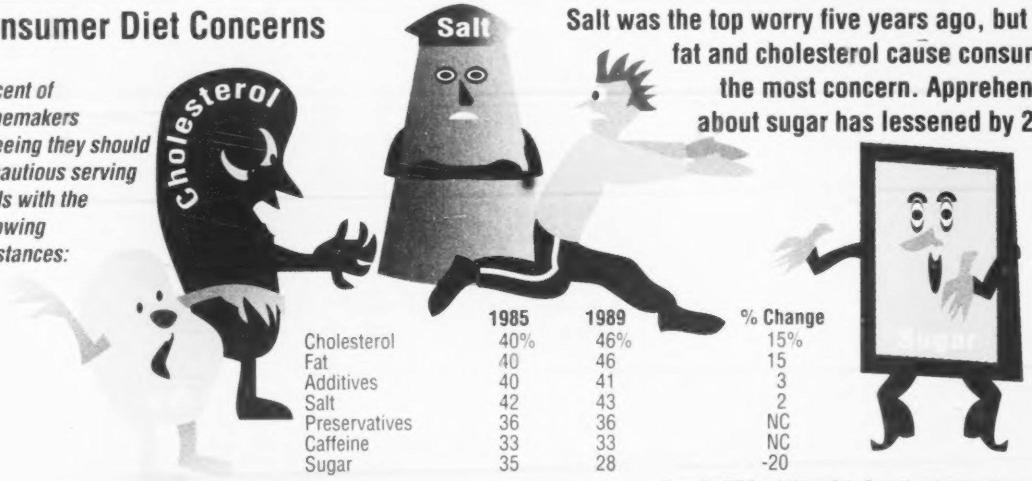
* Downscale households skewed to two groups, young and old

Restaurant operators use the terms all the time. Now, *American Demographics* has taken up the task of defining these groups. Downscale households comprise the largest group by far.

Consumer Diet Concerns

Percent of homemakers agreeing they should be cautious serving foods with the following substances:

Salt was the top worry five years ago, but now fat and cholesterol cause consumers the most concern. Apprehension about sugar has lessened by 20%.

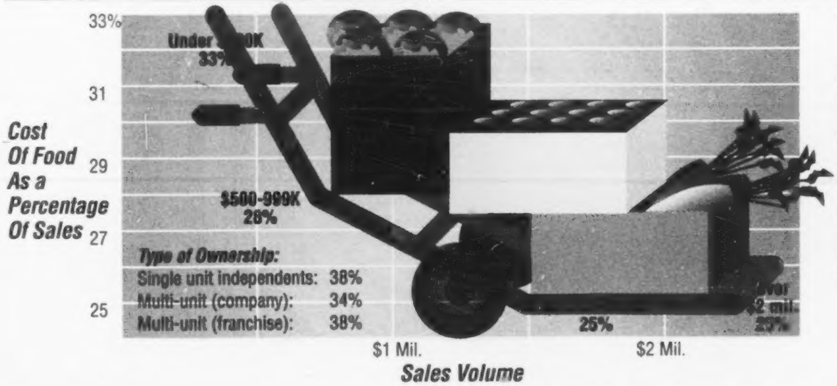


	1985	1989	% Change
Cholesterol	40%	46%	15%
Fat	40	46	15
Additives	40	41	3
Salt	42	43	2
Preservatives	36	36	NC
Caffeine	33	33	NC
Sugar	35	28	-20

Source: The NPD Group's National Eating Trends "Impact of Dietary Concerns" Report

The Cost of Food

As a percentage of sales, the cost of food for full-service restaurants increases as unit volume decreases. Costs are higher for independents than for chains.



Charts by Peter K. Niceberg

Source: Laventhal & Horwath, Restaurant Industry Operations Report, 1989

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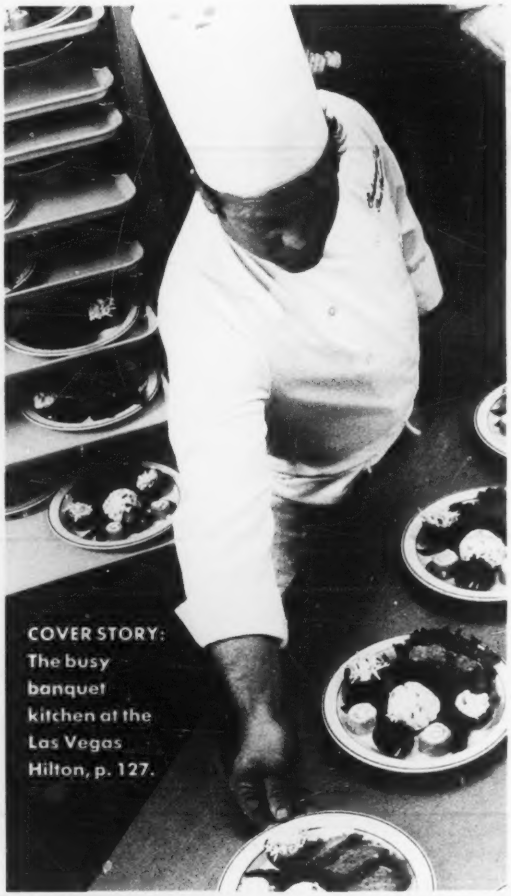

COVER STORY: The busy banquet kitchen at the Las Vegas Hilton, p. 127.

COVER STORY

TRENDS HOTEL DINING. Limited only by clients' budgets and their own imaginations, catering and banquet managers stretch their creativity to turn a coffee break into a special event. Hotel management knows that every food and beverage function can turn a profit, but there are special problems to be solved as well. This report takes an inside look at how the pros do it, and includes coverage of the headaches and triumphs of operations, costing, staffing, and promotions. 127

Cover photograph by Larry Hanna.

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FEATURES

TURNAROUND STRATEGY RAX. The 500-unit chain is racing to get out of the red and back into prominence as a regional fast-food chain. The concept had become seriously blurred, resulting in negative sales growth and faltering unit expansion. Rax has weaned itself away from dependence on low-margin food bar sales and refocused on its more profitable sandwich business. 82

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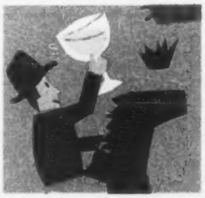

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Reprints of the **1989 RESTAURANT GROWTH INDEX** and the **1990 MAJOR FORCES IN FRANCHISING** are available for $5 per copy. Direct inquiries to Editor Peter Berlinski, *Restaurant Business*, 633 Third Ave., New York, NY 10017.

IN THE NEXT ISSUE

COVER STORY **BAKERY MARKET REPORT**
A tremendous market exists for fresh-baked breads, cinnamon rolls, muffins, cookies, pies, and other treats. Restaurants that serve these baked goods are flourishing. However, companies that specialize in the retail bakery business have had a tough year.

SPECIAL FEATURE **HI-TECH KITCHENS**
The back of the house in the '90s can be expected to go through a number of changes and become more automated and productive than ever before. This article will cover current technology such as topside cookers and the impact of sous vide, and will also provide a glimpse into the future.

MENU IDEAS **POULTRY**
This feature will focus on value-added products—namely chicken, duck, and turkey—and highlight their flexibility.

DRAFTS **ALL-AMERICAN BEER PROMOTIONS**
Savvy operators leverage the appeal of regional specialty suds into welcome sales and profits in a tough bar environment.

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Pierogi, p. 193.

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Japanese Beef Comes to U.S.

The oldest steak house in the country may be the first restaurant in the nation to serve the most expensive beef in the world. Greg and Marc Sherry, owners of The Old Homestead Steak House in New York City, say they will be serving pricey Kobe beef from Japan this summer after at least one Japanese slaughterhouse meets United States Department of Agriculture (USDA) standards for importing beef.

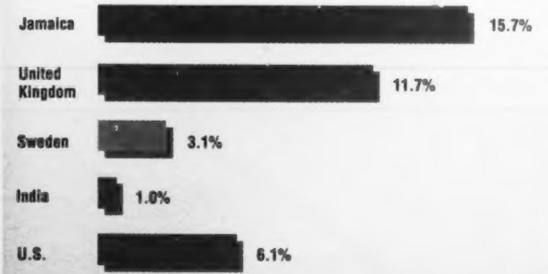
"I'm getting the first batch that will be coming in," says Greg Sherry of his deal with Toshoku America Inc., a New York import and export company. The beef will be the first to be exported by Japan to the U.S. in more than 20 years.

Kobe beef comes from a breed of cattle that is hand-massaged and fed a special diet. The Old Homestead has been trying for two years to get the beef, but Japanese slaughterhouses did not meet USDA regulations for export here. However, the necessary modifications to meet USDA approval were expected to be met this summer.

The Sherry brothers say they will price a 12-oz. portion between $100 and $120.

In anticipation of serving Kobe beef at their restaurant, which was established in 1868, the Sherry brothers have already purchased rosewood-handled steak knives and commissioned designer Charles Morris Mount to create special plates. "If you are going to serve a steak priced in excess of $100, it cannot be served on an ordinary plate," says Sherry. **–M.A.**

AMERICA VS. THE WORLD

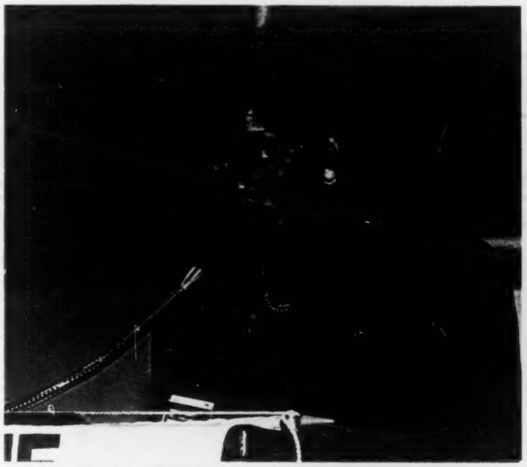


Food Away From Home (Percentage of Total Personal Consumption Expenditures)

Americans rank about average as away-from-home food spenders in restaurants, cafes, and hotels compared to those in 30 other countries for which data is available from the United Nations System of National Accounts. The highest percentage of any country is in Jamaica, where 15.7% of personal expenditures is spent for food-away-from-home. While most Western European countries such as the U.K., Italy, and France spend a greater percentage of incomes than Americans, most Scandinavian countries like Sweden, Norway, and Denmark spend less.

SOURCE: National Food Review

STEVE HULL



THE WOMEN'S FORUM
Patricia Harris, director of McDonald's Changing Workforce, moderated the first public meeting of the Women's Forum for Foodservice Executives at the NRA Show.

Shoney's Woos Blacks

Early this summer, Shoney's spent an estimated $250,000 touting its Captain D's chain to African-Americans throughout the Southeast, through a 30-second radio jingle aired on 22 radio stations in 12 cities.

"Shoney's had never done any radio advertising like this. Running ads specifically targeted at blacks is something new for the company," says Nate Moore, president of Moore Little Inc., a black-owned advertising agency in Atlanta hired by Shoney's to handle all minority-targeted ads and PR.

In April 1989, the NAACP Legal Defense Fund filed a class-action suit against Shoney's, alleging discrimination in hiring and promotions, which is still pending. Then, in August 1989, Shoney's signed an agreement with the Southern Christian Leadership Conference pledging that some $90 million in customary spending over the next three years—such as contracts with vendors, charitable contributions, community service programs, and management programs—be minority-focused. **–Don Nichols**

Food Fracas In Boca

Only months after opening, Hoexter's Market in Boca Raton, FL, has changed chefs. Nationally acclaimed chef Norman Van Aken departed the restaurant over what has been termed a "philosophic difference" with owner Robert Shapiro.

Taking his place is former sous chef Tom Sadler, a 1986 graduate of the Culinary Institute of America and a veteran of several restaurants in Boston and Florida. **–Scott Allmendinger**

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COVER STORY

WHETHER IT'S AN ICE cream parlor-themed meeting break or a Pacific Rim luau under the stars, catering and banquets are a hotel's food and beverage image makers and money generators. Limited only by clients' budgets and their own imaginations, catering and banquet managers stretch their creativity to turn a coffee break into a special event. Catering and banquet directors and hotel management know that every food and beverage function can turn a profit, but there are special problems to be solved as well. This report takes an inside look at how the pros do it, and includes coverage of the headaches and triumphs of operations, costing, staffing, and promotions.

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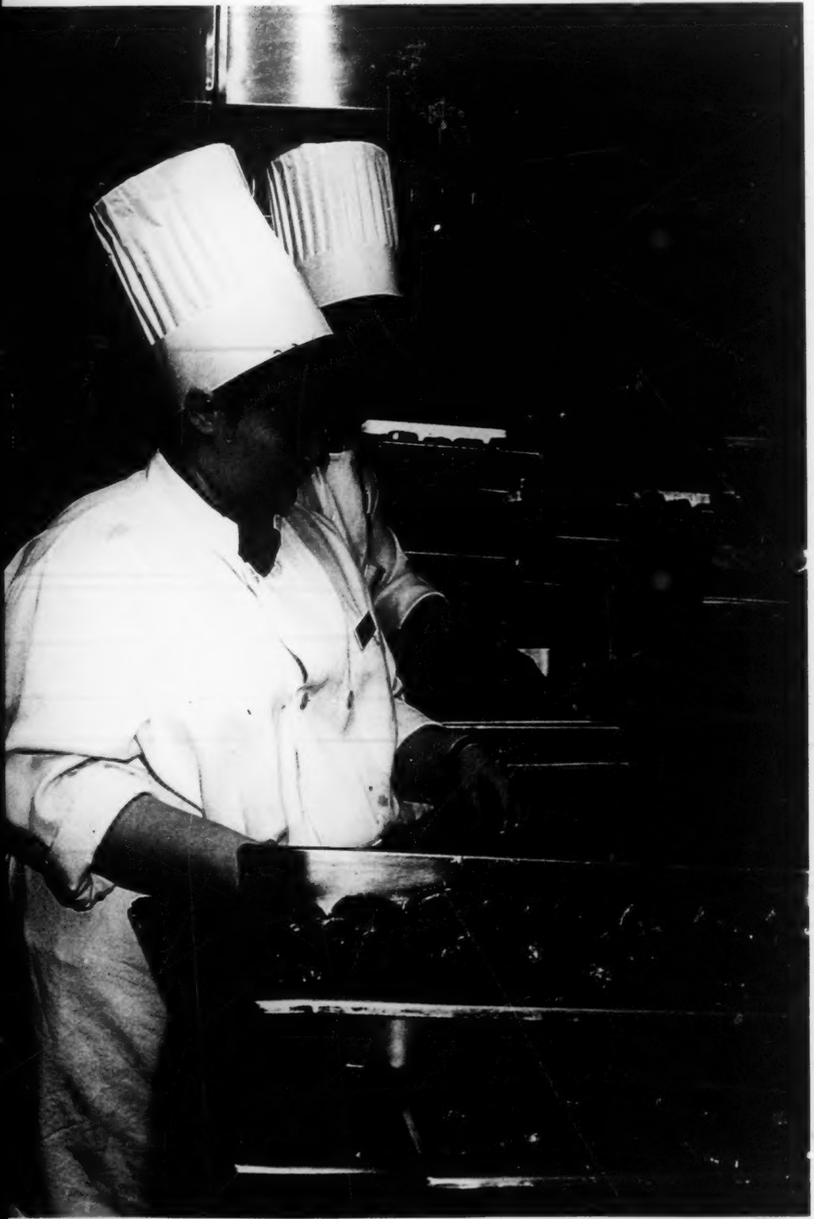
HOTEL DINING

GRIT BEHIND THE GLAMOUR

By Denise M. Brennan



TO FULLY appreciate the difference between the catering/banquet side of hotel food and beverage and the à la carte restaurants, look at any property's P&L statement. Black-inked profits indicate catering and banquets' status as money generators within the hotel while profitability in the à la carte restaurants remains more elusive.

Hotel restaurants pride themselves on their signature status within their communities. However, social functions are often the locals' first taste of a hotel's food and beverage capability.

Patrons in the area who are too intimidated by a hotel restaurant view a special event as an appropriate opportunity to rate a hotel's food and service. Knowing this, catering and banquet directors showcase the caliber of a hotel's food and beverage department and take advantage of the opportunity for creativity.

"Over the last 20 years, it is possible to trace the evolution of catering/banquet business from an afterthought to an enhancement for hotels within their communities," says Brent Ashton, Certified Catering Executive, director of catering for the Omni Shoreham Hotel in Washington, DC, and outgoing president of the National Association of Catering Executives. "Today, catering builds your image in the community and makes your name well-known in a city." Ashton knows the business well (he was recently named Omni's catering director of the year) and under his direction, the Omni Shoreham books 450,000 covers annually and generates $7 million in sales. According to Ashton, catering at the Shoreham is the image center. Approximately 55% of the catering/banquet business is social business.

PLANNED PROFITS. Ashton attributes the high profitability of catering/banquets to the specifics of planning. "When it comes to a booked function, you know in advance what your food and labor requirements will be. This, in turn, enables you to schedule your staff and purchase the food more efficiently," he explains. For example, while a hotel has a core service team, an expected influx of people for a function may require additional staff. This variable staff will be hired for a specific function for

At a time when profits from hotel restaurants remain largely elusive, catering and banquet departments are generating plenty of black ink at the bottom line.

a relatively short work time frame.

Although the Omni Shoreham provides some prepriced printed menus, custom-tailored menus reflect Ashton's confidence in the hotel's culinary team and his staff of four. "Customized catering allows us to upsell the function. We develop the menu by listening to what our customer tells us. We pull the elements together and cost out what we need to make a profit. Once we determine our prime cost, we can establish our price," explains Ashton.

While creativity plays a crucial role in wooing a client, Ashton urges a mix of resourcefulness and whimsy. "Not everyone is instantly creative. The key is to be prepared. Research. Go through the books and spend time for the first client presentation. It is also imperative to get the proposal out in a matter of days. You can't give the client the opportunity to see someone else in the meantime," he says.

LEFT: At Opryland USA, 150 servers, 125 culinary employees, and more than 100 stewards are involved in banquets and catering. ABOVE: With over 300,000 sq. ft. of public space, Opryland is a major function destination.

GLITZ AND GLAMOUR. A glittering strip in the American desert, Las Vegas is a major convention destination attracting visitors from around the world to its 80,000 hotel rooms. At the Las Vegas Hilton, the three P's for successful banquets/catering functions are: pride, perfection, and personality.

"Our staff works as a close-knit team and has a tremendous sense of pride in what they do," says Paul Houdayer, vice president of Hilton Hotels Corp. And there is no doubting it takes an eye for perfection to guarantee that the 17 kitchens produce 450,000 sit-down meals annually for group functions in the 3,150-room hotel. The Las Vegas Hilton boasts 250,000 sq. ft. of convention space that can be used for banquets, ballrooms, or exhibits. Considering the size and scope of the Las Vegas Hilton, it is not surprising that 90% of the hotel's catering and banquet business is convention related and 60% of convention check-ins is return business. In 1989, catering/banquets generated $10.9 million in food sales and $2.9 million in beverage sales.

OBSESSIVE PLANNING. Under the watchful eye of Gus Moser, director of catering, the Hilton team works within a "practically perfect" system of quality control that is fine tuned daily. Obsessive planning is a necessity considering the not-unheard-of possibility of serving 19,000 people at 30 different functions in one day.

"Tableside service and the entire food-prep process requires the chef to control the timing of the food to ensure a quality meal," explains Moser. In turn, the catering/banquet manager requires the client to provide a detailed timetable.

The success of a function hinges on the quality of communication between the catering department and the client and the catering department and the kitchen. In adhering to the "catering credo" that you "don't promise what you can't deliver," each participant's role must be clearly defined.

Moser explains the process, which includes a detailed plan of action: "Two to three months prior to the convention's arrival, a product meeting is held with all departments. At this meeting we determine the logistics demanded by the convention. We also consider the inventory of equipment, materials, and props needed."

STAFFING. Approximately 48 hours prior to the function, the Culinary Union is notified if the hotel needs back-up help. The core staff consists of 350 on the chef's team, 50 servers, 30 on bar, 60 on housekeeping, eight in management, three in set-up, and three in services.

The day of the function, the front- and heart-of-the-house employees will be divided into color-keyed teams. "This alleviates all of the service people descending on the kitchen at the same time. It organizes the chaos that serving 4,000 people at once might create," says Moser.

VIP TREATMENT. Minneapolis-based Radisson Hotels International Inc. bills itself as the Big Name in Small Meetings. The recently introduced sales and marketing campaign aims to provide optimum service and technology for meeting planners representing small groups. Steve Houser, corporate director of sales for Radisson Hotels International explains the strategy behind the program: "More than 80% of the meetings held at Radisson are for groups of 75 people or less."

Radisson offers a small meetings specialist who covers the details and assists clients from planning to follow-up. Radis-

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son backs its entry into the small meetings business with a performance agreement and a money-back guarantee.

The company is running a special all-inclusive Small Meetings Package until the end of the year. The package price includes conference room rental, lunch and coffee breaks, parking, upgrades or best room available for planner, flat rates for sleeping rooms, free local telephone calls, and audio/visual aids. As an incentive, agents who book small meetings at Radisson will receive a 10% commission from the total fee.

Catering posts 50% of total food and beverage sales at Radisson. "We looked at catering and our merchandising efforts," says Michael Glynn, corporate director of food and beverage. "We wanted to increase our market share and targeted a point of difference: the small meeting."

Today's meeting planner is dramatically different from his or her counterpart of the past, notes Glynn. "The meeting planner is experienced in booking functions, has higher expectations, and demands more," he says. This galvanizes the catering/banquet departments and keeps food and beverage from falling into routines. As a result of higher expectations, Radisson chefs are becoming more involved in the closing of sales. "The catering director might bring the chef and client together before a deal is closed. The chef's involvement adds a personal touch to negotiations," says Glynn.

SPECIAL CELEBRATIONS. At the New York City's Waldorf-Astoria, a Hilton Hotel, society is the name of the game. Indeed, when it comes to catering and banquets, the season at the Waldorf lasts all year long. Make no mistake, social business (50% of the Waldorf's catering sales) is big business: Catering/banquets contribute 75% of total food and beverage sales volume with restaurants and room service making up the balance. "This contribution has a dramatic impact on the bottom line," says James Blauvelt, director of catering for the well-known property.

At the Waldorf, Blauvelt's 10-member sales team is booking business 12 to 24 months out and his 20-member administrative staff is following up on the details. Much of the business is repeat and Blauvelt notes that some accounts date back 50 years. "We nurture the history and relationships we have developed over the years," says Blauvelt. Of course, the social business does not preclude the hotel from booking significant numbers of corporate and convention business.

Blauveit insists that all of the public space in the Waldorf is banquet space. For example, he recalls a gala planned for the fashion industry where the Park Avenue entrance of the hotel was closed and the foyer and tiered lobby area served as a backdrop for dinner and dancing. Thanks to the $150 million restoration completed in 1988, the art deco details that helped shape the Waldorf's reputation were restored.

Planning a function begins with the client call. Blauvelt or a member of his team sits down with the prospective client

EXOTIC PARTY THEMES

AT THE FOUR SEASONS VANCOUVER, A COFFEE break for a group of food and beverage executives played out the Canadian national passion for hockey. A portion of the hotel's ballroom was transformed into a hockey playing area complete with goal. Meeting participants were handed a hockey stick and given three shots at scoring. The goal was protected by a hotel employee dressed as goalie in full hockey attire. The winner received an official Vancouver Canuck hockey team shirt. The service staff, dressed as referees, handed out typical hockey game fare of hot dogs, popcorn, ice cream bars, beer, and soda.

- Holiday Inn franchisees gathered at a reception featuring cuisines of the world. Crowds were thin at the "Africa" station; lion meat did not seem to be a group favorite.
- Walking into the ballroom of the Las Vegas Hilton must have been a surprise to unsuspecting conventiongoers. Gone was the gambling resort's glitter; it was replaced by a barnyard setting complete with roosters crowing on cue. Walking through an orchard of trees heavy with oranges and apples (artifically and artfully hung by the Las Vagas Hilton staff), attendees could feast on hot flapjacks served on wooden crates topped with red-checkered cloths.
- Somehow, the last thing even a jaded New Yorker would expect to find inside the swank Waldorf-Astoria Hotel is Barnum & Bailey's Circus, especially at a $1,000 per-person dinner. But make no mistake, a group of dancing elephants sashayed its way across the middle of the ballroom during a black-tie function.
- The Orlando Hyatt believes strongly in the mystique of the Florida bayou. In fact, a bayou-themed party held at the Orlando Hyatt includes indigenous foods such as alligator meat. If the guest prefers the alligator raw, alligator wrestling can be arranged.
- Chrysler automotive executives en route to Japan found Tokyo in the ballroom of the Radisson Plaza Town Center in Southfield, MI. The Japanese-themed dinner included traditional food, music, and kimono-clad Radisson servers.
- At Stouffer's Maui-Wailea Beach Resort, the Pacific Rim party features a breathtaking array of food. Stations include items representing Chinese, Japanese, Hawaiian, New Zealand/Australian, Tiki, and Philippine cuisines. The entertainment ranges from Oriental flag dances to Japanese karate demonstrations. No evening is complete without a performance of the traditional hula and a fire-eater.—**DMB**

Catering and banquets showcase the caliber of a hotel's food and beverage team, and provide an important opportunity for the staff to exercise some creativity.

and checks the calendar to see which rooms are available. "We also check to see what other business is around the hotel to ensure there are no conflicts," he adds. Once the date and location of the functions are settled, the budget is structured. "Dinners begin at $100-a-head minimum," says Blauvelt. His office then follows up with the proposal that details the financial and logistical parameters.

For example, a seven-page call sheet for a reception/buffet dinner/dance for 350 at the Waldorf includes menu listing, specifics about set-ups, service notes, schedules, decorations, tax, gratuities, guarantee, and payment. The document takes the client's demands and translates them into hotel language so the supporting departments can fulfill their obligations.

Holiday happenings at Opryland USA in Nashville have a country flair, thanks to the efforts of the catering and marketing departments. Opryland's Country Christmas runs from the third week in November through December 25 and guests are treated to the foods and traditions of the South as well as to a nightly show at the Grand Ole Opry.

"During this period, traditionally quiet for the industry, we serve over 45,000 meals," says Roger McAleese, Certified Food/Beverage Executive, director of support services, for the 1,891-room hotel.

FAR LEFT: Opryland's total 1990 F&B revenues are expected to hit $45 million. RIGHT: The hotel counts more than 60% of its foodservice volume from catering.

Opryland is the 12th largest hotel in the U.S. and its 300,000 plus sq. ft. of public space makes it an ideal choice for meeting and convention planners looking for Southern hospitality. According to McAleese, total food and beverage revenues in 1990 should hit $45 million with 60% of those dollars generated by banquets/catering. "Trends are changing here. In the past, banquets contributed 70% of total F&B revenues. Now, we may capture only half of a major group of 4,000 people for an organized food function."

Opryland's food and beverage management team reviews the opportunities proposed by the catering/banquet departments. The team consists of the catering director, the banquet manager, the banquet set-up director, the executive chef, the banquet set-up supervisor, the executive bartender, and the support services director. The group meets 30 to 60 days prior to the function to hash out the problems and make sure all the resources are available.

CHAIN OF COMMAND. In some hotels, catering reports to sales; in other hotels, catering reports to food and beverage. At Omni Hotels International, the catering function was recently moved under the food and beverage umbrella. Peter Hothorn, senior vice president of food and beverage for the Hampton, NH-based chain, explains: "We moved catering to food and beverage, because our priority is to be competitive," he says. Hothorn has a three-month window to prepare everyone for the organizational change.

Because Omni food and beverage directors needed exposure to selling techniques, Hothorn is requiring them to attend the company's Professional Selling Strategies course. The three-day program is an interactive program that uses a variety of mediums to fine-tune listening and selling skills.

According to Chuck Pacarelli, corporate director of training for Omni Hotels, this program instructs the participant on handling three important selling problems: skepticism, indifference, and objection. "Skepticism is when the customers says 'but.' It is important to offer the customer proof that your product is right for them. When handling indifference, the seller must uncover what the customers need. When handling objection, the seller must take direct and immediate action," says Pacarelli.

MOVING OUT. While Omni moves its catering function under the food and beverage umbrella, the Hyatt Regency Chicago is busy moving its catering business beyond the walls of the hotel. A little more than 18 months ago, the hotel set up a

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The Crescent Court's banquet and catering style mirrors the image of the small, upscale property; 60% of the business is social, and 40%, corporate.

separate division within the banquet/catering departments called Regency Caterers. In 1989, total banquet/catering revenues at the Hyatt Regency Chicago were $17 million, with the Regency division contributing $1 million. In 1990, sales for Regency group are estimated at $2 million.

"The division, which reports to me, caters functions on off-premise sites throughout Chicago," says John Svenson, director of catering. "The trend for local groups is to move away from the traditional ballroom. Through Regency Caterers division, we have catered events at the Navy Pier, the Field Museum, and the Planetarium." While Regency Caterers is competing with other local caterers, positive word-of-mouth recommendations boost business. "Many of the committees that book this business share the same members. As a result, a guest at one of our off-premise functions becomes the client for a special event somewhere else in the city," explains Svensson.

Customers benefit because Regency Caterers can draw on the resources of the Hyatt Regency Chicago and the other hotels Hyatt operates in the city. "On days when we might be stretched thin, we can call one of our sister hotels and ask them to send additional staff. For us, the obvious benefit is the staff we receive is Hyatt quality and Hyatt trained," says Svensson. Preprinted and customized menus are available to the client. Foods are prepared in the kitchen at the Hyatt Regency Chicago and transported to the site.

In addition, hotel amenities are offered to the clients. These include special rates at the hotel, Hyatt-uniformed doormen at the entrance of the off-premise site, and donations of weekend packages as raffle or door prizes. "It is a wonderful marketing opportunity for us," says Svensson. He does not see the off-premise function as "all that different than catering inside the hotel. At first, I would worry that we had left something behind. You can't run down the hall if you have forgotten something. But we have an exhaustive checklist to ensure those kinds of mistakes do not happen."

At the Hotel Crescent Court in downtown Dallas, catering, like all other aspects of the hotel business, is on the rebound as the city slowly rebuilds its economy. "The softness in the Texas economy caused some suffering," says William Anderson, director of food and beverage for the 188-room property. The Hotel Crescent Court is part of the Rosewood Hotel Group, the hotel development, management, and operational organization of the Rosewood Property Company and the Caroline Hunt Trust Estate.

The Crescent Court's banquet/catering style mirrors the image of the small, upscale property. Approximately 60% of the banquet/catering business is social; the remainder is corporate. This makes for an interesting mix of the savvy corporate meeting planner and the social planner who needs or wants the maximum amount of hand-holding. "Our expertise is in smaller catered affairs—no more than 220—where we can control the quality of the overall experience," explains Anderson. Referring to the Texas economy, Anderson points out that while the Crescent Court was the "obvious quality choice" in social/corporate catering, budget constrictions required a revamping of pricing structure. "We needed to re-educate the public's perception about how expensive we were."

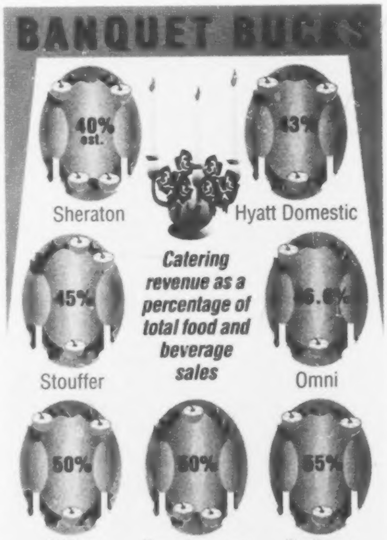

CHART BY PETER NICEBERG

In Dallas, once the scene for lavish social entertaining, the dollars are not nearly as conspicuous now. "Where we once got by on the scope and quality of the business, we are now hustling," reports Anderson. "We were forced to sell rather than take orders." Although business is better, Anderson doubts that the economy will ever rise to the heights of the past. As a result Anderson monitors the catering sales progress on a weekly basis. The top 20 accounts are on a regular maintenance cycle. Although there is no denying the inherent profitability, ever-increasing profits are by no means a sure thing. "The biggest challenge is rebuilding beverage business," says Glynn of Radisson. "We have to be even more creative." **RB**

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Market Segment Report

CHICKEN

By Carol Casper

The good news is that chicken consumption continues to rise. The bad news for chicken specialty restaurants is that much of this growth is not taking place in their operations. The challenge for this market segment is to take back chicken sales from other fast-food restaurants that also offer chicken, or else find other avenues to increase business.

Lee's Famous Recipe is trying to compete by broadening its menu to include more nonchicken choices.

Per capita chicken consumption hit another new high in 1989, 68.8 lb. according to the National Broiler Council, Washington, DC, a 3.7% gain over the 1988 figure of 65.1 lb. per U.S. resident. The Council is predicting a stronger increase in 1990 of 6.7%, to 73.4 lb. per person.

Production is up 7.5% over a year ago, notes Bill Roenigk, the National Broiler Council's director of economic research. Aiding the trend toward increased consumption is a downward swing in wholesale broiler prices.

However, so far these positive developments have not done much for the troubled chicken segment. Dollar sales increased about 4% in each of the last two years, but most or all of that growth was due to price inflation, while traffic counts have actually been flat or slightly down, notes Bob O'Brien, director of sales and market development for NPD/CREST, Park Ridge, IL, which supplied the figures.

SHRINKING STATISTICS. The difficulties the segment is experiencing are underscored by the fact that the number of chicken restaurants in the U.S. actually shrank in 1989 according to RE-COUNT statistics from the Restaurant Consulting Group Inc. Evanston, IL. The total number of locations, 12,092, is down by 200 units or 1.6% compared to 1988 figures. The only areas where counts showed any increase were New England and the Pacific states.

In the South Atlantic, which still boasts the largest number of chicken locations with 21.2% of the nation's total, the number of units decreased by 2.7%. In other regions, units shrank by 5%.

Many nonsegment chains are now also menuing chicken.

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CHICKEN

While competition within the segment remains fierce, perhaps the biggest challenge to many operators is posed by other fast-food restaurants, which have found chicken a winning addition to their lineups.

"Every time another large chain ad is a chicken sandwich, it hurts us a little," comments Bill Hennings, president of SIS Corp., which operates Sisters Chicken & Biscuits, Westlake, OH.

One strategy a number of chicken chains tried recently to offset the incursion into their sales was a broadening of their own menus to include more nonchicken choices. A few, such as Shoney Corp.'s Lee's Famous Recipe, have had some success with this approach. A number of other companies, however, have since pulled back and are concentrating once again strictly on chicken, but looking to broaden appeal by finding different ways to serve it.

Sisters is one chain that has come to this conclusion. Hennings thinks at this point the best way for chicken operators to compete is to restrengthen their original focus on fried dinners, "because it's a fairly complicated product, one not easily duplicated by the nonchicken chains that can all offer a grilled chicken sandwich pretty easily."

On the other hand, he adds, "The fried chicken market is not growing, so we need to add other chicken products like grilled items and sandwiches."

OUTSIDE COMPETITION. Another difficulty for chicken operators, O'Brien points out, is that many different types of restaurants have recently moved into an area that traditionally has been one of the segment's strongest points: packaging take-home dinners for the off-premise market.

"Also," he points out, "consumption of fried foods is on the wane." This development is prompting many traditional operators to add nonfried items. Another step some are taking to improve their competitive position is developing more lunch and snack-oriented items to offset losses or lack of growth at dinner.

Not every operator is in the doldrums, however. While a number are struggling to recover from Chapter XI bankruptcies, a handful have had good to excellent years.

Mammoth Kentucky Fried Chicken, which dominates the segment with approximately 50% of the total U.S. market, had a fairly solid year—although the largest share of its growth came from international sales.

Other chains that fall outside the traditional fried chicken dinner market also showed some excellent growth, most notably Chick-fil-A, which concentrates on sandwiches, and El Pollo Loco, which features Mexican-style charbroiled chicken.

TURNAROUNDS. Some chains with more traditional fried chicken menus are also reporting turnarounds.

In addition, two small, regional players are set to take their concepts national, expressing their confidence that there's still real life and room for growth in the chicken market.

Per-capita chicken consumption hit an all-time high.

Dick Detwiler, director of public affairs for Kentucky Fried Chicken, Louisville, KY, notes that one challenge all quick-service restaurants face today is a more demanding consumer.

In late 1989, after a year in test, it took its Colonel's Chicken Sandwich systemwide. Consisting of a fried white meat patty, the sandwich also became available in a deluxe version with Canadian bacon and cheese early this year.

In March, the company introduced Hot Wings, spicy, marinated fried chicken wings. This snack-oriented item has done "phenomenally well," says Detwiler.

VALUE. For budget-conscious consumers, this spring the chain also introduced a Value Sandwich priced at 99¢,

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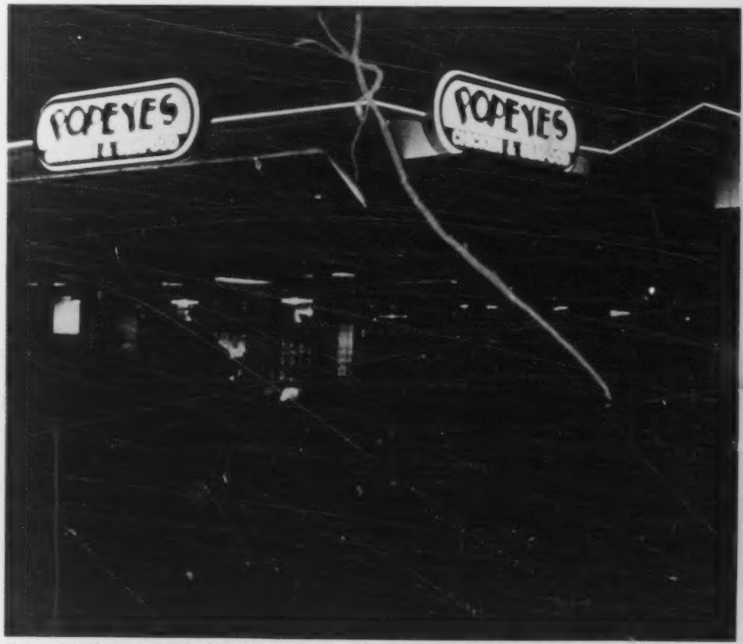

Popeyes Famous Fried Chicken & Biscuits units average sales of $710,000.

CHICKEN

consisting of a dark-meat, breaded chicken patty.

Meanwhile, KFC is continuing to test chargrilled chicken on a limited basis. More units will begin offering chargrilled product this year but it will not be widely available until 1991.

KFC is also continuing to roll out its 38 Series stores, which feature more seating, contemporary decor, and more cash registers to serve customers faster than older units do, plus a new computer system.

There are now 60-plus such company-owned units as well as additional franchised locations. The company-owned rollout will continue throughout this year and should be completed in 1991.

EXPRESS. The chain is also experimenting with KFC Express: a limited-menu, all-take-out operation geared to areas with high pedestrian traffic. There are currently three company-owned sites plus some franchised. In concert with two other PepsiCo concepts, Pizza Hut and Taco Bell, KFC is also trying out an "All In One" restaurant design featuring abbreviated menus from all three operations with different service counters but common seating areas.

KFC's new formats and products to a large extent are geared to helping the chain capture a greater share of lunch and snack business.

"We have always done and will continue to do the bulk of our business at dinner, but we view lunch and snacks as a great opportunity," says Detwiler. About half of sales currently derive from dinner, one-third from lunch, and the remainder from other hours. Some 75% of volume is take-out or drive-thru.

KFC's total systemwide sales hit $5.4 billion in 1989, including $3 billion in the U.S. market. That represents a 3.4% increase in domestic sales over 1988, while volume outside the U.S. rose roughly 20%.

Domestic units numbered 4,937 at the end of 1989, of which 1,340 were company-owned. International locations totaled 3,008, including 772 stores that are company-owned or joint ventures. Average annual unit volumes for

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Kentucky Fried Chicken introduced Hot Wings, spicy, marinated fried chicken wings sold in portions of six or 18 pieces.

CHICKEN

In addition to sit-down service, new Grandy's units feature drive-thrus.

company-owned stores climbed slightly to a little over $700,000, while average volumes systemwide ran $680,000.

UNWIELDY. Many eyes in the industry are currently focused on KFC's largest competitor, the now-united Church's Chicken and Popeyes Famous Fried Chicken & Biscuits chains, following their merger last year under the banner of Al Copeland Enterprises Inc., Jefferson, LA. When the founder of the highly successful Popeyes acquired the larger, but troubled Church's last year, many observers applauded chairman Alvin Copeland's gutsy move, although at the same time wondered how he would achieve his goals of bringing Church's back in the black and increasing its flagging sales by 20%.

Now some analysts report the organization is "scrambling" and express concern that Copeland may have been "in the right place at the wrong time."

"He has not been able to sell off Church's units to franchisees as quickly as he had planned in order to reduce the massive LBO debt that resulted from the deal," comments one observer.

Copeland undertook a herculean task in attempting to revitalize Church's, which had a net loss of $14.5 million in 1988, and whose revenues had fallen off a total of 35% since 1985.

DISSATISFACTION. Under its new management, Church's has continued to close stores, but the planned conversion of 400 locations to Popeyes units is proceeding slower than Copeland had planned. There are also reports of dissatisfaction among Popeyes franchisees. In the meantime, Church's systemwide sales shrank to $530 million in 1989, from nearly $560 million in 1988. One healthy signpost that turnaround efforts may be succeeding, however, is that average annual unit sales did increase roughly 10%, to $415,000.

The number of Church's units at the end of 1989 stood at 1,111, of which 807 were company-owned.

Popeyes, on the other hand, showed another year of good growth, with sales advancing more than 8%, to $525 million systemwide. This increase came with an addition of just 24 units for a total of 739 at the end of 1989, 113 of which were company-owned. About 70 more stores should open in 1990, according to a spokesperson. Average unit volumes rose to $710,000.

Church's this spring rolled out a new foot-long chicken sandwich, consisting of two six-inch chicken filets with lettuce, pickles and flavored mayonnaise on a roll for $1.99. Church's also introduced new nonchicken selections: a three-piece fish dinner with cole slaw and fries for $3.59, and a nine-piece, fish-only box for $6.99. Earlier this year, Popeyes debuted roasted chicken systemwide. The product is sold in quarter and half chicken platters or as a whole chicken.

The chain's single, freestanding Super Popeyes in Metairie, LA, is also reported to be doing well with a menu that offers mainly Southwestern-style grilled items, including quarter, half and whole chicken with tortillas, vegetables and pico de gallo sauce.

NONFRIED ITEMS. Despite increasing competition from other operators add-

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DISTRIBUTION OF CHICKEN RESTAURANTS

by U.S. Census Regions

	UNITS	%
New England	264	2.2
Middle Atlantic	1,011	8.3
East North Central	1,918	15.9
West North Central	698	5.8
South Atlantic	2,566	21.2
East South Central	1,003	8.3
West South Central	2,327	19.2
Mountain	589	4.9
Pacific	1,716	14.2

Total Chicken Restaurants: 12,092 units, or 3.2% of total U.S. restaurants

Source: RE-COUNT '89, Restaurant Consulting Group Inc.

CHICKEN

ing nonfried items, the El Pollo Loco division of Denny's, owned by TW Services, racked up probably the biggest percentage increase of any major chicken chain in 1989. The Irvine, CA-based company upped sales nearly 45% to $175 million in 1989, and opened approximately 40 new units for a total of 190 at year's end. There are also 20 units in Japan.

Jim Verney, division leader, notes that the company should have close to 225 units by the end of 1990, and will continue to open more stores at a somewhat slower rate of 25 to 30 per year.

Average annual unit sales are running over $1 million.

Like numerous other chains, El Pollo Loco has hopped on the sandwich band wagon, testing a boneless grilled chicken breast sandwich. The sandwich should help the chain build lunch sales, which currently account for 35% of volume. It's also a natural for drive-thru. Currently 35% of sales stem from drive-thru windows.

Another chain that performed well in 1989 is Atlanta-based Chick-fil-A. Sales rose 13.6% to $263.8 million for calendar 1989, and average annual unit volume grew to $660,000.

The firm had 411 stores at the end of 1989, all company-owned, and will open 35 more during 1990.

A major change for the company in recent years, notes manager of public relations Don Perry, has been its move to some freestanding locations. There were 16 by the end of 1989 and 12 more should open in 1990. With annual volumes of over $1 million, the freestanders do nearly twice the average unit volume of mall stores.

Chick-fil-As are located in 31 states, with the highest concentrations in the Southeast, Southwest, and up the Eastern seaboard as far as but not including New England. Expansion plans call for a greater push in the Northeast, but the firm still sees its biggest opportunities in filling in Southeast markets.

Chick-fil-A added two chargrilled items, a breast filet sandwich and a chargrilled chicken garden salad. The sandwich is priced the same as the Chick-fil-A original at $1.99, while the salad sells for $2.69.

Also, last fall, the company reintroduced its Chick-n-Q barbecue sandwich in an upgraded version with larger chunks of naturally hickory-smoked chicken, still at its original price of $1.79. This June, the company introduced its newest product, a diet fresh-squeezed lemonade.

WELL MANAGED. Lee's Famous Recipe Chicken, owned by Shoney's Inc., Nashville, is another chain that is perceived by many industry analysts to be well managed and doing well, even though systemwide sales remained flat in 1989 at approximately $150 million.

The chain operates a total of 282 company-owned and franchised units, actually down one from 1988. Total sales for the 48 company-owned stores increased 8.5% in 1989, and per-unit volumes rose over 7% to $601,000, while average systemwide unit sales ran $530,000.

The company expects to open a combination of 12 new company-owned and franchised units in 1990. Following that, it has announced a major five-year campaign of aggressive franchising growth, part of a plan to double the size of Shoney's Inc., by 1995.

The number of units dropped by 200 restaurants in 1989.

For Lee's, the project calls for 30 new units in 1991, 40 in '92, 60 in '93, 90 in '94 and 125 in '95, or a total of 345 openings in five years.

Last year the chain added ribs and several vegetable dishes to its menu to broaden its appeal, while currently the focus is on new chicken products. A roasted chicken alternative has been rolled out to all units, and new items in test include spicy chicken wings and a

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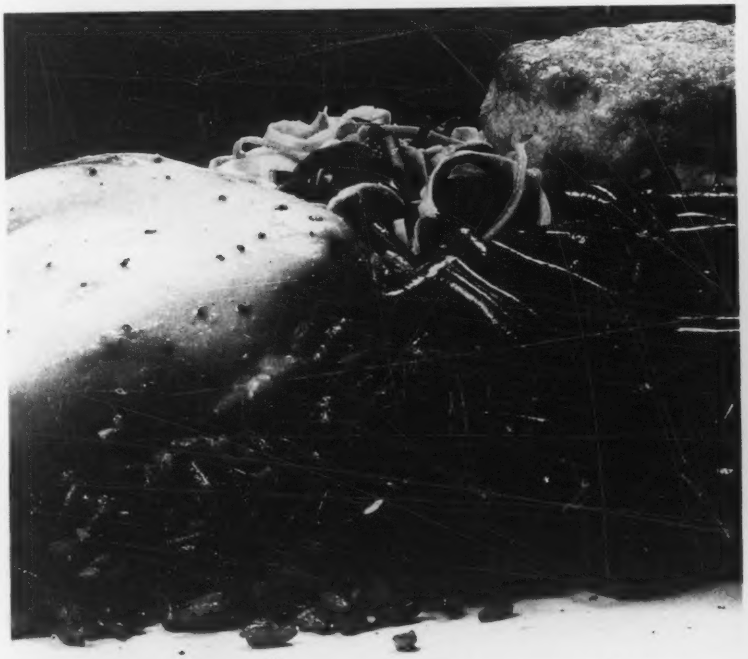

Nashville-based Winner's Corp. has decided to focus more on chicken.

CHICKEN

breast filet sandwich.

Two other Southern-based concepts that had been in trouble but seem to be turning around are Bojangles of America, Charlotte, NC, and Mrs. Winner's Chicken & Biscuits, now based in Atlanta.

"The good news," says John Bifone, president of Horn & Hardart's H&H Restaurant Corp., which operates the Bojangles system, "is that the chain is doing well. The bad news is that Horn & Hardart plans to sell Bojangles."

But while future ownership remains uncertain, systemwide sales for the chain rose sharply in 1989 to $171 million, and the unit base, which shrank severely in 1988, also rebounded to a total of 160 franchised and 22 company stores. Average annual unit volumes jumped, too, from $715,000 in 1988 to $872,000 last year. The chain will probably open a total of 20 new units in 1990. Boxes of chicken continue to be its biggest seller, notes vice president of marketing Karen Braswell.

NEW DEAL: Mrs. Winner's was purchased by Russ Umphenour, head of RTM Inc., Atlanta, from Nashville-based Winner's Corp. in a deal finalized last August. RTM operates 235 Arby's restaurants and now shares five top executives with the new Mrs. Winner's Inc., including Umphenour as president.

He projects sales of $85 million for the 118-unit, predominantly company-owned chain during its current fiscal year, which runs from June 1990 through May 1991.

"Sales are running 15% ahead of last year. Average store volumes have topped $700,000 and we hope to get them to $750,000 by next year," says Umphenour.

One change new management made was to drop the Southern Originals line, which featured a large number of non-chicken entrees and focus more strictly on chicken. Several new sandwiches have been introduced, including baked chicken deluxe, a marinated, boneless breast. The chain has also added buffalo wings and is testing another finger food, chicken tenders.

Mary Neal, director of marketing for Grandy's, Lewisville, TX, points out that when a chain starts to market sandwiches, as well as breakfast, the

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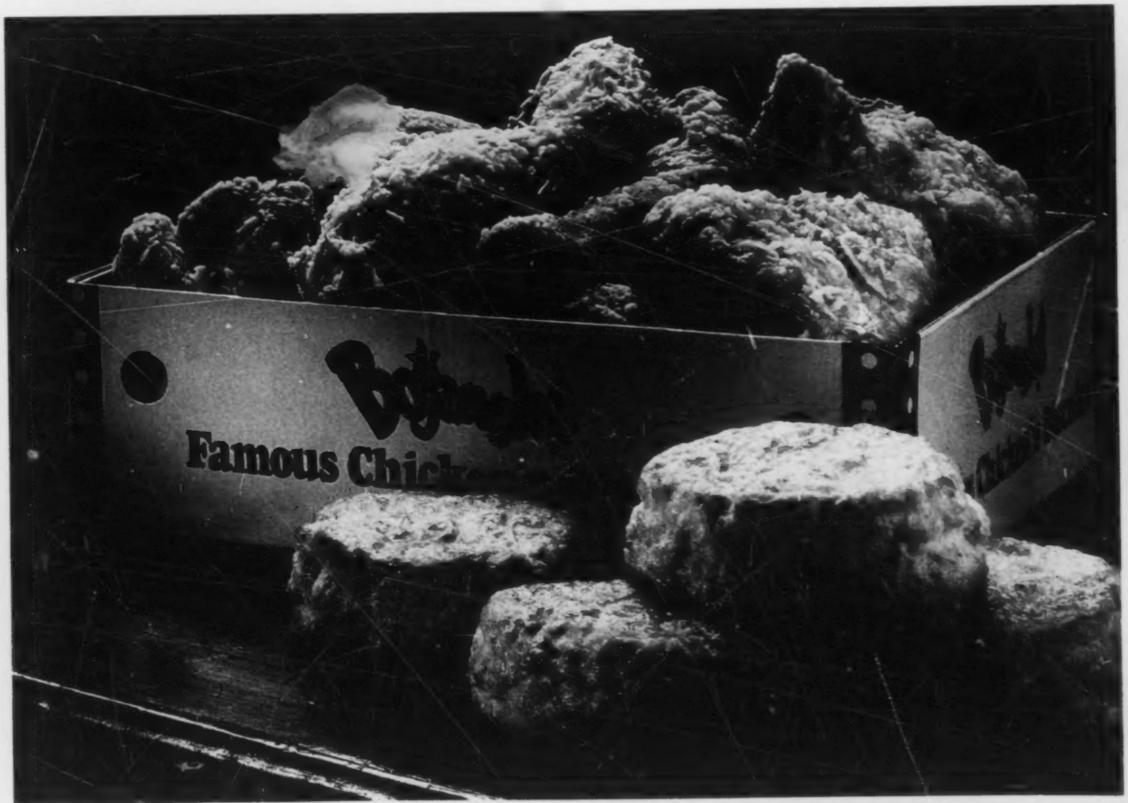

Boxes of chicken continue to be Bojangles of America's biggest seller.

CHICKEN

lower price points can dampen sales figures. Grandy's has seen some slippage in per-unit sales, which Neal also attributes to increased competition. Sales in 1989 dipped to $179 million for the company's 106 company-owned and 96 franchised U.S. stores.

The chain added a Lenten fried catfish dinner which has since become a year-round offering. It also introduced a new fruit cobbler dessert in May and is test marketing frozen yogurt.

Another major addition being formulated at press time is a roasted, skinless breast filet that should be out by fall.

INTERNATIONAL. Owned by Anwar Soliman's American Restaurant Group, Grandy's has stepped up international development in the last two years. It now has 10 Malaysian units, one in Indonesia, others set to open in Australia, and is in the process of concluding an agreement for Caribbean development.

Another chain based in Texas, but with much narrower focus than Grandy's 18-state distribution, is Golden Fried Chicken of America, based in Dallas. This 71-unit operation is working a turnaround under new ownership following its descent into Chapter XI bankruptcy almost two years ago.

The concept was rescued from demise last March by Edward Pratt Jr., and Edward Pratt III, operators of Pratt Hotel Corp., Dallas, and partner Mark Parmerlee, president of Golden Franchising Co. "The previous ownership expanded too far, too fast," Parmerlee comments.

New management plans to open about 10 units per year. Current unit sales are running a little over $300,000, he notes, and annual systemwide sales are roughly $22 million.

While traditional fried chicken is its staple, Golden is testing a sandwich and some health plates. It also offers a tenderloin product and a few stores serve fajitas. To help maintain their high level of repeat business, Parmerlee adds, the units feature manager's specials such as shrimp and chicken-fried steak.

"There's still tremendous opportunity in this segment," says Frank Portillo, president of Brown's Chicken, based in Lombard, IL. Sales for the 160-unit chain, 40% of which are company-owned, rose roughly 5% last year to $85 million. Like many others, Brown's increased its selection of chicken sandwiches and has seen lunch business grow considerably.

Locations are concentrated in Illinois, but the system also has units in Broward County, FL, and is planning further Florida expansion in 1991.

NEW MANAGEMENT. Golden Skillet International, Richmond, VA, owned by International Dairy Queen, hopes to turn its performance around with new management. Tom Winterink took over the helm as director of operations and general manager in November, following a period of lackluster performance by the group. Fully franchised, Golden Skillet operates 66 units in the U.S. including 18 in Puerto Rico, and six in Japan. Annual U.S. sales in 1989 were just $22 million.

While no new U.S. stores are planned until 1991, there are more am-

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TOP FIVE CHICKEN CHAINS

U.S. Sales and Units

KENTUCKY FRIED CHICKEN
(Pepsico Inc.) Louisville, KY
1989 Systemwide Sales: $3.0 billion
1989 Units: 4,937

CHURCH'S CHICKEN
(Al Copeland Enterprises Inc.) Jefferson, LA
1989 Systemwide Sales: $530 million
1989 Units: 1,111

POPEYES FAMOUS FRIED CHICKEN & BISCUITS
(Al Copeland Enterprises, Inc.) Jefferson, LA
1989 Systemwide Sales: $525 million
1989 Units: 739

CHICK-FIL-A
Atlanta, GA
1989 Systemwide Sales: $263.8 million
1989 Units: 411

GRANDY'S
(American Restaurant Group) Lewisville, TX
1989 Systemwide Sales: $179 million
1989 Units: 202

CONTENDERS TO WATCH

EL POLLO LOCO
(Co[illegible]n Partners) Irvine, CA
1989 Systemwide Sales: $175 million
1989 Units: 190

BOJANGLES
(Horn & Hardart Co.) New York, NY
1989 Systemwide Sales: $171 million
1989 Units: 182

CHICKEN

bitious expansion plans for Japan.

Pioneer Take Out, like Golden Fried, is another chain with new ownership that hopes to put financial problems behind it. The Canoga Park, CA-based chain was purchased out of Chapter XI by a partnership of LA-based Malibu Grand Prix and Shapco last September. The former is an entertainment company with other restaurants; Shapco is a plumbing distributor.

The present 200 Pioneer Take Out restaurants, 175 of which are franchised, are located predominantly in Southern California. New CFO Chuck Siconolfi says the chain is in the process of upgrading units and starting to market more aggressively. Its 1989 sales totalled $47 million.

In the Midwest, Sisters Chicken & Biscuits is still struggling to emerge from Chapter XI bankruptcy. President Hennings notes that while the firm's focus is on promoting its main product line, fried chicken, it is also occasionally adding something new, such as Buffalo wings in June. The chain already features a baked chicken dinner but is looking to supplement that with other nonfried alternatives, too.

Sales for the chain's 61 units, only five of which are franchised, reached $41 million in 1989.

Another chain whose future is highly uncertain is El Pollo Asado, whose Phoenix-based parent corporation closed its company stores last December, then filed Chapter XI in April.

MeraBank, Phoenix, which took title to the chain's name and recipes, gave franchisees the right to continue using them without paying royalties. However, further clouding the situation, the bank went into receivership in March.

Fred Roth, a Tucson franchisee, says that 22 franchisees are still operating and business is better than ever. In fact, several, including Roth, are planning to open additional stores. They have formed a loose marketing and purchasing alliance.

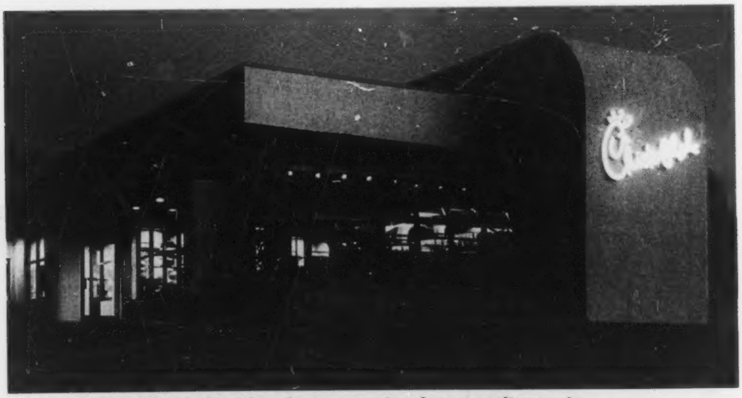
NEW ENTRIES. Two chains born near Boston are betting there's room in the national market for new entries in the chicken sweepstakes.

One, Cajun Joe's Fried Chicken & Biscuits, Brighton, MA, is a straightforward fried chicken chain featuring three varieties—spicy, mild, and a marinated roasted product—along with Southern sides like corn muffins, black-eyed peas, fried okra, rice, and chicken gumbo.

Cajun Joe's horizons have widened since Fred DeLuca, president of Milford, CT-based Subway, and partner Peter Buck acquired the franchising system last fall from founders Joe Barrett and Dick Cromwell. The latter two signed a long-term contract to serve as copresidents of the new corporation, in addition to retaining ownership of four company stores.

At press time, the chain had 27 units open and 30 under construction, with a total of 150 franchises sold.

Some chains are now testing grilled and baked products.



Atlanta-based Chick-fil-A has been opening freestanding units.

The chain got its start in the mid-'80s when Barrett and Cromwell were managing foodservice for Boston City Hospital and people started coming in off the street to purchase their fried chicken from the cafeteria. They opened their first unit in 1985 and started franchising in 1986.

DeLuca was attracted by the stores' small, efficient design, and sees them as a good expansion vehicle for Subway owners.

A DIFFERENT APPROACH. Taking a different approach in menu and management styles is Boston Chicken. Like Cajun Joe's, Boston Chicken was founded by a local operator who has since sold the franchising system to a new development company that plans to take the concept nationwide. In this case the organization is New Boston Chicken Inc., headed by chairman of the board George Naddaf.

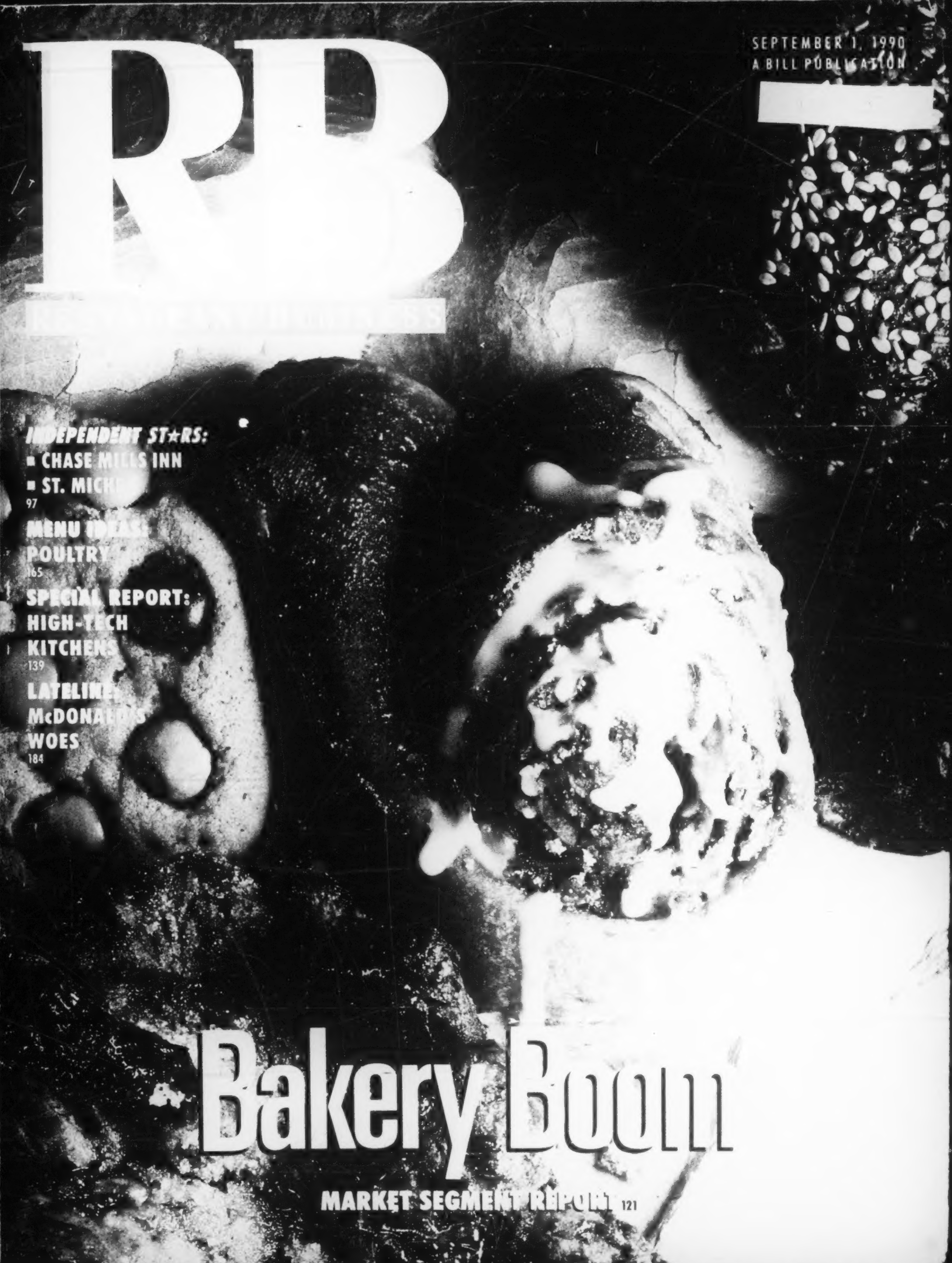
Boston Chicken's slogan is "Take Home Cooking." The stores feature marinated rotisseried chicken. Customers can buy whole, half, or quartered chickens, along with sides of fresh hot vegetables and homemade mashed potatoes. The menu also includes cold salads, homemade soups, and chicken pot pies.

Although the chain started as strictly take-out, several units now feature instore seating. But 85% of volume is still off-premise.

The chain currently has over 10 units and about 18 more under construction, mainly in the greater Boston area, while other franchises have been sold in Long Island, NY, New Jersey, Philadelphia, Washington, DC, and Chicago. Unlike Cajun Joe's, Boston Chicken's program calls for area developers who can handle a large area or city, Naddaf notes. **RB**

SEPTEMBER 1, 1990
A BILL PUBLICATION

RB



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Bakery Boom

MARKET SEGMENT REPORT 121

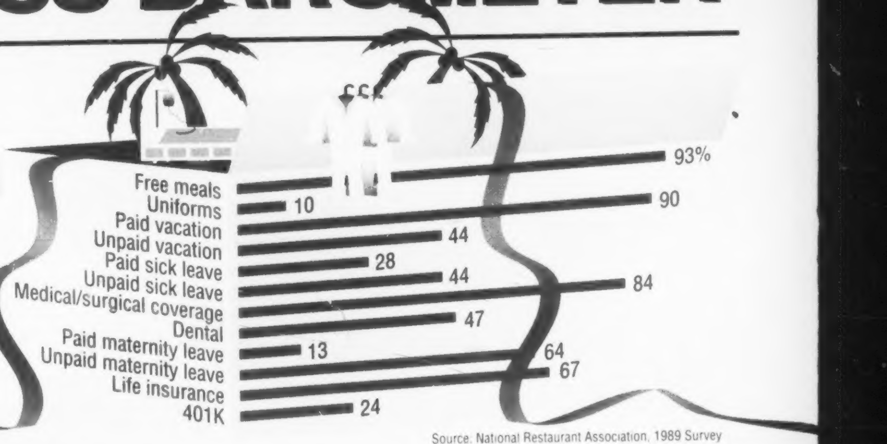
THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER

Benefits for Hourly Foodservice Employees

(% of respondents who offer the following benefits)

How generous are foodservice employers when it comes to benefits for hourly employees? The NRA asked a random sample of members with annual sales of $1 million or more.



Source: National Restaurant Association, 1989 Survey

Convenience Store Industry Changing

Profits in the convenience store industry dropped in 1989, but sales growth continued, mainly because more stores were selling gasoline.

Fast-food purchases as a % of total store sales:

	1988	*1989*
Fresh sandwiches	2.1%	1.2%
Frozen sandwiches	1.2	0.8
Deli services	3.5	2.0
Food cooked on-site	1.5	0.9
Fountain drinks	2.8	3.7
Hot beverages	1.4	2.4

Fast-Food Investment Per New Store (urban stores):

1988	$21,900
1989	$33,900

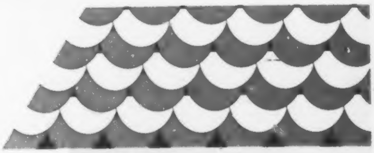
Total Convenience Store Industry Profits (before taxes, in millions):

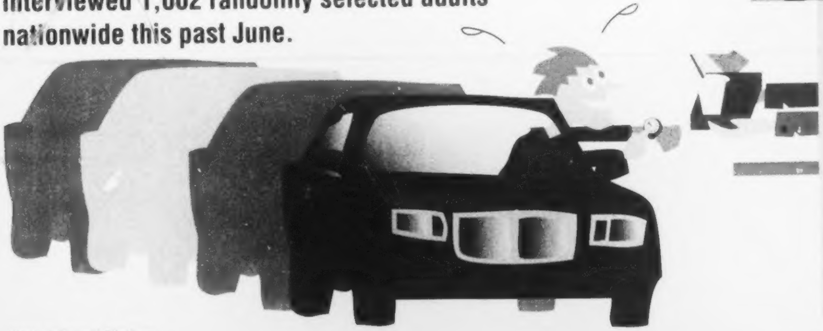
1988 $1,103 1989 $271

Source: National Association of Convenience Stores, 1990 State of the Convenience Store Industry Report

Why Americans Eat At Fast-Food Restaurants

In order to measure Americans' attitudes and behavior toward fast food, *The Washington Post* interviewed 1,002 randomly selected adults nationwide this past June.





Why do you eat at a fast-food restaurant?

It's fast	44%
It's something different	21
It's close to where you live or work	15
You like the food	6
It's a good place to eat with children	6
It's inexpensive	3
It's healthy and nutritious	1
Don't know	5

Source: *The Washington Post*

Charts by Peter K. Niceberg

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Cover photograph by John Uher.

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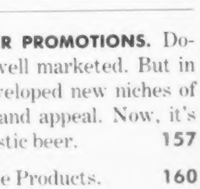

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For the 23rd year, *RB* offers its exclusive state-of-the-industry analysis. Presented in two sections—market segment reports and statistical tables—RGI functions as a complete tool for evaluating market growth potential. Included are reports on the eight major segments: separate eating & drinking places, retail, leisure, hotel/motel, business & industry, health care, student, and airline.

SPECIAL REPORT COMMUNITY SERVICE
This article will be the first of a series covering the industry's commitment to those who are less fortunate in our society. Part one examines helping feed the hungry and shelter the homeless.

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A look at new savory hand-held items and the bread basket of the future.

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Here Comes Turkey

Just as demand for turkey is on the upswing in these low-cholesterol times—the U.S. government and other forecasters say this is so—a turkey restaurant franchise has popped up out of Philadelphia to meet the new consumer demand.

"Turkey will be the craze of the '90s," says Roger Bassett, who as founder and president of Bassett's Original Turkey is stepping up his franchising plans for a fast-food turkey empire he wants to believe will help wean America off the red meat burger.

Bassett's Original Turkey has four thriving turkey restaurants open in Pennsylvania and New Jersey, and says five more are under construction in Pennsylvania and Virginia as well—with the intent they be sold to franchisees.

He's looking to develop the concept primarily in regional mall food courts.

If the name Bassett sounds familiar, it is. Roger Bassett, 29, is a fifth-generation Bassett of the ice cream family that started Bassett's Ice Cream Company of Philadelphia 120 years ago. The young Bassett was managing one of the family ice cream shops at the Reading Terminal Market in Philadelphia in 1983 when he saw his future in turkey.

The original $1.95 turkey sandwiches are now priced at $4.40; nine other turkey sandwiches are sold as well, including a turkey club, turkey with cranberry sauce, and turkey salad sandwich. .

The first two franchisees to sign up, Dick Root and Stephen Duffett, are fast-food veterans, Root from Church's and Wendy's and Duffett from Domino's.-**M.A.**

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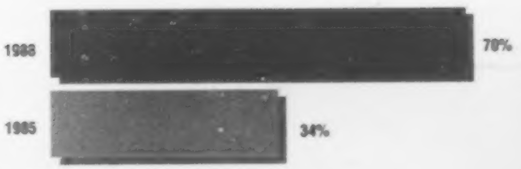
Franchisee Dick Root, one of the first to sign on for a Bassett's Original Turkey unit, serves up Bassett's turkey sandwiches at his new restaurant.

Eating-Out Behavior



Percentage of Consumers Who Like To Try New Restaurants 1988 versus 1985

Among 1,200 consumers polled in a survey by Technomic Inc., 70% said they would like to try new restaurants. This is a considerable increase from 1985, when only 34% of the respondents reported that they would like to try new restaurants. The implication is that consumers are willing to break their loyalties to old favorites.

SOURCE: TECHNOMIC Inc.

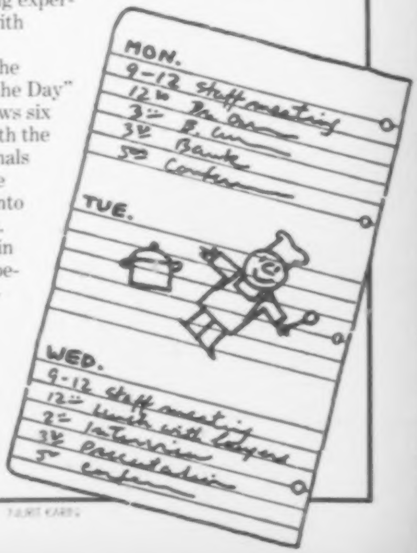
Chef For The Day

Some of the guests at Westin Hotel in Washington, DC, do more than spend a night or two in one of the rooms. They don chefs' hats and head for the hotel's kitchen, where they try their hands at preparing fine food. But they aren't left to fend for themselves. Executive chef Manfred Ochs and two other chefs share their cooking expertise and recipes with them.

It's all part of the hotel's "Chef for the Day" program that allows six guests to work with the kitchen professionals once a month. The group is divided into three sets of twos. One assists Ochs in preparing the appetizer, another creates the entree while the third group works on the dessert.

"It's not only great for the guests who get a free hands-on cooking class, but the chefs get to be more creative and try new recipes that may appear on the menu," says Heather Freeman, a hotel spokeswoman.

"Chef for the Day" dishes that ended up on the menu included black bean crêpe with crab meat and chocolate mousse in a buttercup.-**Lori Barker**



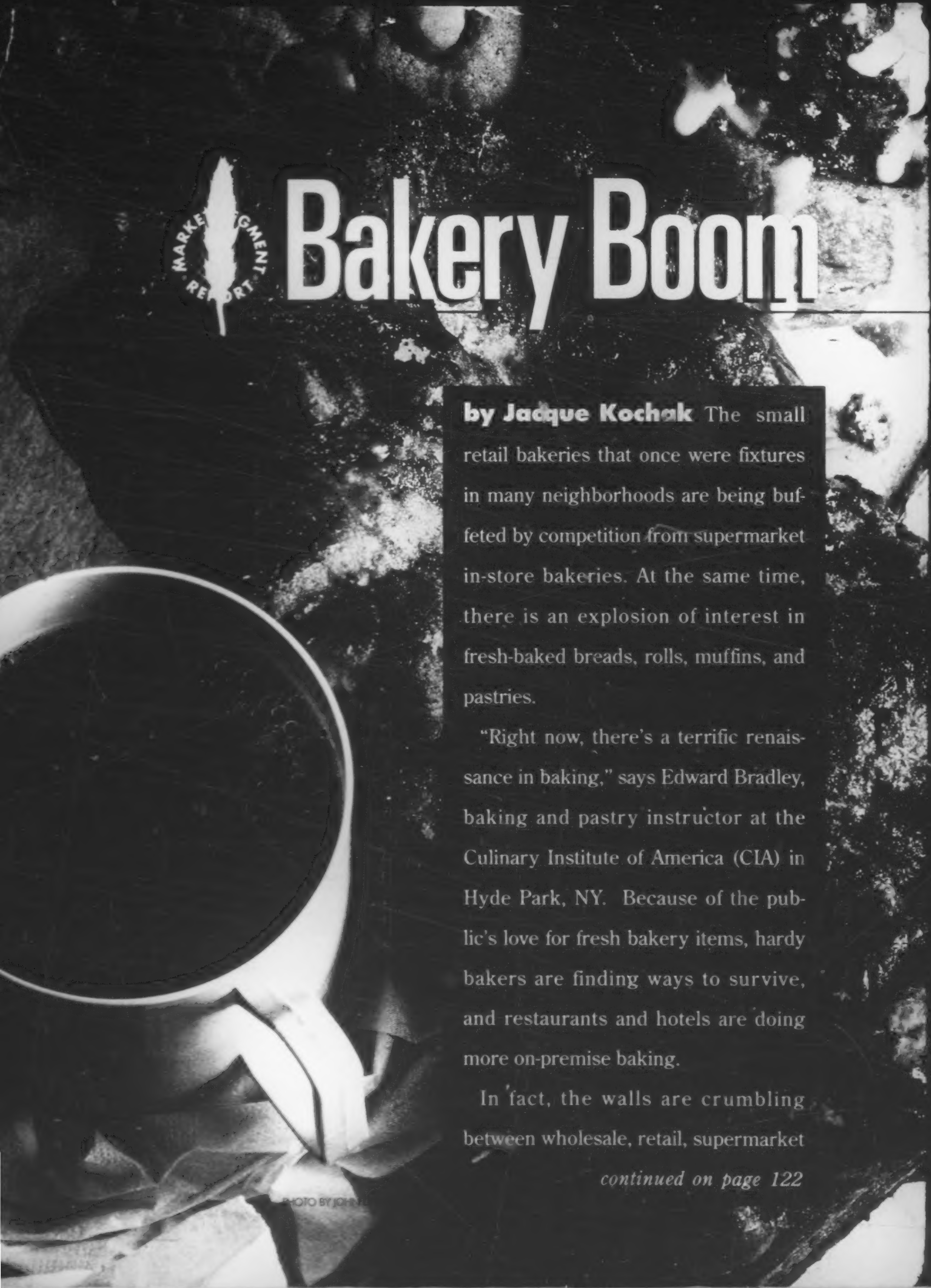


PHOTO BY JOHN

MARKET SEGMENT REPORT

Bakery Boom

by Jacque Kochak The small retail bakeries that once were fixtures in many neighborhoods are being buffeted by competition from supermarket in-store bakeries. At the same time, there is an explosion of interest in fresh-baked breads, rolls, muffins, and pastries.

"Right now, there's a terrific renaissance in baking," says Edward Bradley, baking and pastry instructor at the Culinary Institute of America (CIA) in Hyde Park, NY. Because of the public's love for fresh bakery items, hardy bakers are finding ways to survive, and restaurants and hotels are doing more on-premise baking.

In fact, the walls are crumbling between wholesale, retail, supermarket

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MARKET SEGMENT REPORT

Bakery Boom

Fresh-baked kaiser rolls were recently introduced at Dunkin' Donuts to [illegible]

and restaurant bakeries, and the most successful bakers today sell through several avenues.

"If the state of the baking industry were a dessert, it would be an upside-down cake," says Dan Malovany, a writer for *Bakery Magazine*. In order to prosper, bakers are donning new identities, becoming the proprietors of bakery/cafes and thus doubling or tripling volume.

They are adding wholesale divisions, providing their quality baked goods to other restaurants and even supermarkets. They are focusing on high-traffic locations, such as regional shopping malls, downtown shopping areas, and office complexes. They are seeking out unusual locations, such as hospitals and airports, in order to reach a greater concentration of customers.

One wholesale baker is even setting up baking kiosks, selling bread baked on the premises, in gourmet food stores, hotel lobbies, and restaurants.

THE STATE OF RETAIL. There are those who insist that small retail bakeries are a dying breed. "There may be a future for the mom-and-pop in a neighborhood bakery who do a lot of the work themselves, but as soon as they start to expand the overhead kills them," says Stuart Zaro, executive vice president of New York City-based Zaro's Breadbasket, a chain of 13 bakeries.

Joseph Zaro opened a bakery in the 1920s. By the 1960s, the Zaro family operated 20 bakeries scattered throughout the Bronx, New York City's northern borough. But deteriorating neighborhoods and a shortage of bakers forced closings.

The family's third generation, grandsons Stuart and Joseph, opened a Zaro's Breadbasket bakery in Manhattan's teeming Grand Central Station. Today it serves more than 15,000 customers a day an expanded menu of sandwiches, soups, salads, and frozen yogurt. Other high-traffic locations include Penn Station and the Port Authority Bus Terminal.

"With an average sale that is so small, we have to do a tremendous amount of volume," says Stuart Zaro. That need for extremely high volumes dictates site selection, and Zaro's is very picky. The company won't place units in residential areas, because executives view the rents as too high for the traffic. Such stringent site requirements mean that the company will never expand quickly. A lease was recently signed for a unit to open in New York City's bustling Rockefeller Center but not until 1991.

The company has solved the problem of finding trained bakers by training its own. They work at a central baking facility in the Bronx, where product is made and delivered to stores twice a day in finished form. Bagels, croissants, and special pastries are made at the plant, refrigerated, and sent out raw to the stores, where they are baked on premise.

NEED TO BE SPECIAL. Another route to survival in the retail bakery segment is to develop signature baked goods that will create an identity. A variation on this strategy has been adopted by specialty bake shops, offering everything from cinnamon rolls to cookies to muffins. An example is Randolph, MA-based Dunkin' Donuts. With some 2,000 units worldwide and systemwide sales topping $1 billion, the company's success is proof that a specialty baker can survive and prosper.

More restaurants and hotels are baking on premise.

Today, the company's emphasis is on distributing its donuts through nontraditional outlets. Some 2,500 C-stores now offer Dunkin' Donuts' donuts daily through franchisees.

"We're selling brand awareness," says Sidney Feltenstein, senior vice president of marketing. "We spend $35 million a year in advertising to build that awareness, and we find that selling through other outlets doesn't cannibalize our store sales."

Dunkin' Donuts has also franchised to Marriott Corp., which is opening Dunkin' Donuts outlets along toll roads and in airports. A Dunkin' Donuts kiosk just opened in the Los Angeles airport.

For some time, Dunkin' Donuts has been going through a process of adding to its product line in order to build lunch business. Fresh-baked kaiser rolls were recently introduced to boost lunch business.

In December, Dunkin' Donuts was purchased by London-based Allied-Lyons PLC (parent of the Baskin-Robbins ice cream chain) for $325 million. Weeks later, Allied-Lyons purchased the number-two donut chain, Mister Donut, from Minneapolis-based International Multifoods Corp. Conversion of Mister Donuts to Dunkin' Donuts is being considered on

continued on page 124

a unit-by-unit basis.

Mister Donut operates 475 units in the U.S. and 83 in Canada, all franchised, with systemwide sales in 1989 of $156 million.

THE CINNAMON ROLL ROLE. Fresh-baked cinnamon rolls have been the rage for the last few years. Seattle-based Cinnabon, a subsidiary of Restaurants Unlimited, has emerged as the biggest success story, with Kansas City-based T.J. Cinnamons a viable competitor.

Cinnabon now operates 130 units, about 50% of which are company-owned. Systemwide sales are approaching $40 million, says Cinnabon's director of marketing Gary Merritt. Cinnabon has been cautious about growth. Although its first bakery opened at the SeaTac Mall in Seattle four years ago, franchising wasn't started until two years ago. Today, franchised operations are located primarily on the East Coast.

"We are concentrating on quality and operations," says Merritt. "We could jeopardize both of those by expanding too rapidly." Unlike most of the other specialty retail bakers, Cinnabon has continued to focus almost exclusively on cinnamon rolls. Cinnabon is firmly entrenched in malls. "We need a certain amount of traffic, and the aroma of the product is a very important marketing tool," says Merritt.

A major competitor to Cinnabon is T.J. Cinnamons. Caught up in a race to establish market share, T.J. Cinnamons once reached a total of 200 units, but some of those have since closed. Systemwide sales have dropped to about $40 million from a high of about $50 million.

Many insist that small bakeries are a dying breed.

California's Il Fornaio chain has evolved into wholesale and retail bakeries and restaurants.

"We went through a period of huge growth, and ended up with some secondary locations. Now we're looking at slow, steady growth," says new president William Teel, who succeeds Ken Hill at T.J. Cinnamons. Hill remains as an owner of the company and serves on the board of directors.

The rapid growth of T.J. Cinnamons focused attention on the potential in the bakery segment, and observers have watched as the company has slowly evolved from a cinnamon roll shop into a specialty bakery. Originally serving only cinnamon rolls, T.J. Cinnamons has slowly expanded its line.

Teel notes that the company's wholesale business also continues to grow. As a test, T.J. Cinnamons has recently opened a unit in a supermarket. More of a full-line bakery, it offers an even broader line.

COOKIES. Atlanta-based Great American Chocolate Chip Co., with over 300 units, is typical of the shops that have proliferated in malls. Begun 13 years ago, the shops offer nine varieties of cookies along with three brownies and a jumbo cookie.

The company doesn't divulge sales figures, but director of marketing Steve Berman will say that the company is not branching out from cookies to offer a wider selection of baked goods because "we're making our dough." The company will continue to expand at a rate of about 10% per year, with locations only in malls.

continued on page 126

MARKET SEGMENT REPORT

Bakery Boom

CINNaBON
World Famous Cinnamon Rolls
CINNaBON

Segment leader Cinnabon has been cautious about growth.

The route to survival is to develop signature items.

"Our competition is with other companies for mall sites, not for customers once we're in the mall," says Great American's Berman.

"It's a real dogfight for locations in malls," adds Andy Thorburn, president of USA Treats. "There are only five or six good locations in a mall, and 40 companies want them."

Somerset, NJ-based Treats Corp., a licensee of Treats in Canada, now operates 12 units. The Canadian company operates some 120 bakery outlets north of the border. Because of the competition for mall space, Treats is seeking different sales outlets. For example, the company is supplying 10 varieties of Treats muffins to 100 AM/PM convenience stores on the West Coast. The muffins are baked off-premise under a licensing agreement with Mrs. Hall's Cookies, then trucked to the C-stores.

EVOLUTION OF BAKERY/CAFES. Treats is also starting to open bakery/cafes, serving fresh soups, salads, seafood, and pasta as well as frozen yogurt. Only one bakery/cafe is open so far.

"One of the main reasons for opening bakery/cafes is the greater availability of sites," says Thorburn. "The cost to start up a cafe is 30% to 50% higher, but sales are $400,000 to $500,000 a year instead of $200,000 to $300,000," he says. "And 20% goes to the bottom line either way."

A number of other companies have found that the transformation into bakery/cafes from retail bakeries has been a solution to several problems. Among them is Vienna, VA-based Vie de France, the American subsidiary of a French company.

Vie de France currently operates 61 units, 55 of them bakery/cafes and the rest bakeries. The majority of the restaurants are either in downtown locations or in malls.

Vie de France bakeries, which evolved into bakery/cafes, originally functioned as advertisements for the company's wholesale products, says Tom Cox, vice president of corporate marketing for the company's three divisions. Therefore, it wasn't unduly concerned with the restaurants' profitability. The search for profitability began several years ago with the switch-over to bakery cafes; now the focus is on enhancing take-out sales from the bakery case, which now accounts for about 30% of sales.

Vie de France is also selling off restaurants in its core area in a move to enhance profitability. Its restaurants are clustered in the Washington/Virginia/Maryland corridor. At present, only one unit is franchised, but Vie de France is actively pursuing franchising.

Vie de France's expansion is made possible by the fact that frozen dough is shipped to units from baking plants that also service the parent company's extensive wholesale business. Then, baked goods are proofed and baked on-premise. The baking centers also have made it possible for Vie de France Restaurants' sister company, which sells wholesale to other restaurants, to set up some 1,500 mini-baking centers across the country, where bread is fresh-baked on the premises and sold from a kiosk.

Boston-based Au Bon Pain is another bakery/restaurant chain that utilizes frozen dough prepared at a central baking facility, which is then shipped to 80

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THE WAY THE COOKIE CRUMBLES

1989			1990 (estimate)		
Bakery segment	Units	Sales (in billions)	Bakery segment	Units	Sales (in billions)
Retail	22,500*[1]	$5.46	Retail	22,750[1]	$5.73
In-store	22,288*	$7.41*	In-store	23,007	$7.93
Wholesale	2,760*[2]	$27.12*[3]	Wholesale	2,780[3]	$28.0[3]
Foodservice	203,609*[3]	$8.27*	Foodservice	207,681[2]	$8.68
TOTAL SALES		$48.26*	TOTAL SALES		$50.34

Source: Bakery Production and Marketing, U.S. Commerce Dept., Food Marketing Institute.

[1] Individual retail units, including all multi-unit retail outlets.

[2] Projected number foodservice units baking on-premise or receiving product from dedicated commisaries.

[3] Wholesale includes bread/cake, cookie/cracker, and frozen bakery.

*Revised estimate.

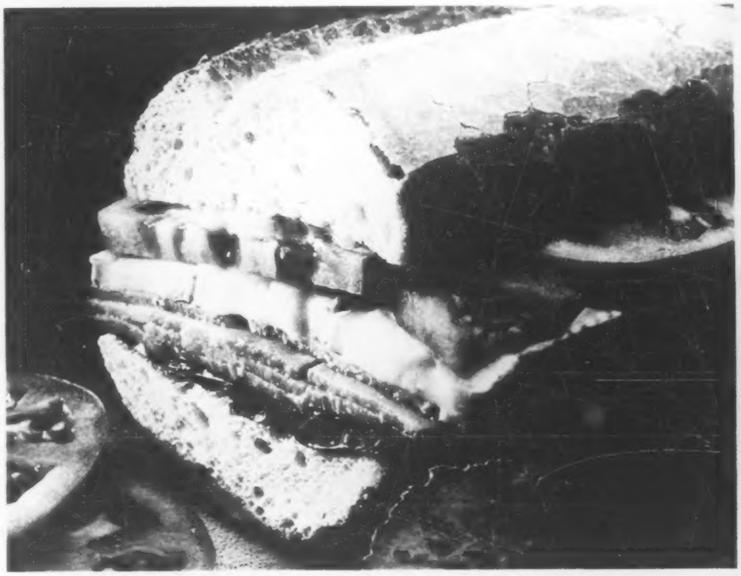
MARKET SEGMENT REPORT

Bakery Boom

units primarily located on the East Coast. Au Bon Pain's real growth began in 1981, when the company was purchased by partners Louis Kane and Ron Shaich. Kane's and Shaich's company originally consisted of retail bakeries, which evolved into bakery/cafes because of customer demand. "Customers sometimes came in with their own meat and cheese, and asked us to slice baguettes for them," says Kane.

The 2,500-sq.-ft. units are set up for maximum efficiency. At the Rockefeller Center unit in New York City, 15 cash registers service 1,000 people during a typical lunch rush. Service time is under three minutes. The check average is only $2.50. Yet the typical Au Bon Pain posts sales of almost $1.2 million.

Au Bon Pain trains its own bakers at the central baking facility, then trains employees on the store level. Store-level employees, however, don't have to be highly skilled; even the oven is computerized.


Boston-based Au Bon Pain utilizes frozen dough at a central baking facility.

BAKING IN HOTELS AND RESTAURANTS. "People are really getting excited about breads," says Marsha Guerrero, director of product development for San Francisco-based Il Fornaio Corp., a bakery chain. "They're coming around to the idea that a wonderful bread product on the table is a sign of things to come."

Trendy restaurants are upgrading their breads and offering a selection of interesting breads with dinner. The Fog City Diner in San Francisco goes so far as to charge $2.50 for an appetizer consisting of bread topped by a basil and leek mixture, baked and served hot.

California's Il Fornaio chain is a good example of a small, struggling retail bakery chain that evolved into a symbiotic mixture of wholesale bakeries, retail bakeries, and full-scale restaurants. The original Il Fornaio bakery chain was founded by the Veggetti family in Italy during the early 1970s. The concept was so successful that there are now more than 1,000 Il Fornaio bakeries throughout Europe.

Williams-Sonoma, the cookware company, brought Il Fornaio to the U.S. through a licensing agreement in 1980. When the company went public in 1983, Il Fornaio was divested and bought by Williams-Sonoma's chairman, Howard Lester, along with other investors.

continued on page 134

JUST DESSERTS

	Restaurants Serving Dessert			Customers Ordering Dessert		
	Total	Limited Menu	Full Menu	Total	Limited Menu	Full Menu
Lunch	88%	79%	94%	22%	20%	23%
Dinner	89%	76%	95%	34%	28%	36%
Take-home	73%	89%	67%	–	–	–

SOURCE: RESTAURANT BUSINESS RESEARCH

Bakery Boom

Il Fornaio had expanded dramatically by 1984, with 12 bakeries open in California. The problem was, the bakeries weren't making money. In 1987, the American branch of Il Fornaio reorganized, and Larry Mindel came on board as chairman and chief executive officer. Today, the company comprises six retail bakeries along with five production bakeries, which also supply Il Fornaio's own retail bakeries and four Il Fornaio upscale Italian restaurants.

Customers do continue to show an interest in high-calorie pastries, but Joseph McKenna, pastry instructor at the CIA, predicts that eventually chefs will figure out ways to offer desserts and baked goods that are lighter and more nutritious.

"In the CIA's St. Andrews Cafe, we make desserts that are very low-calorie," he says. For example, the cafe makes a glace with skim ricotta cheese instead of egg yolks.

SIGNATURE DESSERTS. Just as breads and rolls are increasing in importance, so are desserts. At the Sagamore, an Omni Classic resort and conference center on Lake George in Bolton Landing, NY, such specialties as "marzipan sushi" are offered in its gourmet dining room, The Trillium. Marzipan sushi is a chocolate cake with various cream fillings, rolled in thin sheets of marzipan.

The Sagamore employs one pastry chef with a bake-shop crew of nine, according to food and beverage director Tony Shill. He points out that restrictions on space and the availability of skilled labor mean limitations on scratch baking .

Customers want more whole grain and crusty breads.

Somerset, NJ-based Treats Corp. has 12 units, with 10 more stores under development.

A SHORTAGE OF BAKERS. Because of the renewed interest in baking, more young people are once again looking at baking as a career. And there will be plenty of jobs for them once they are trained.

"The industry is screaming for skilled baking and pastry professionals," says Mark Erickson, director of culinary education at the CIA.

Because many restaurants can't support a full-time baker, there will be plenty of opportunity for "free-lance" bakers, says the CIA's baking instructor, Edward Bradley. Because of the demand, the CIA just opened up a new School of Baking and Pastry, with seven kitchens. The school also just received approval for a two-year degree.

THE FUTURE. Undoubtedly, fresh baked goods will continue to grow in popularity. Restaurants and hotels will do more and more on-premises baking, supplementing their signature items with bakery products baked from frozen dough provided by wholesale bakers. Specialty retail bakers will continue to seek out high-traffic locations and emphasize quality.

And, say some observers, we may even see a resurgence of the neighborhood bakery, if that neighborhood bakery is strategically located, serves very high-quality goods, and supplements its business by selling wholesale.

"Everything goes around," says Dan Dugan, Vie de France's retail marketing manager. "More corner bakeries than ever have closed this year, but I think we'll see a comeback." **RB**

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SEPTEMBER 20, 1990
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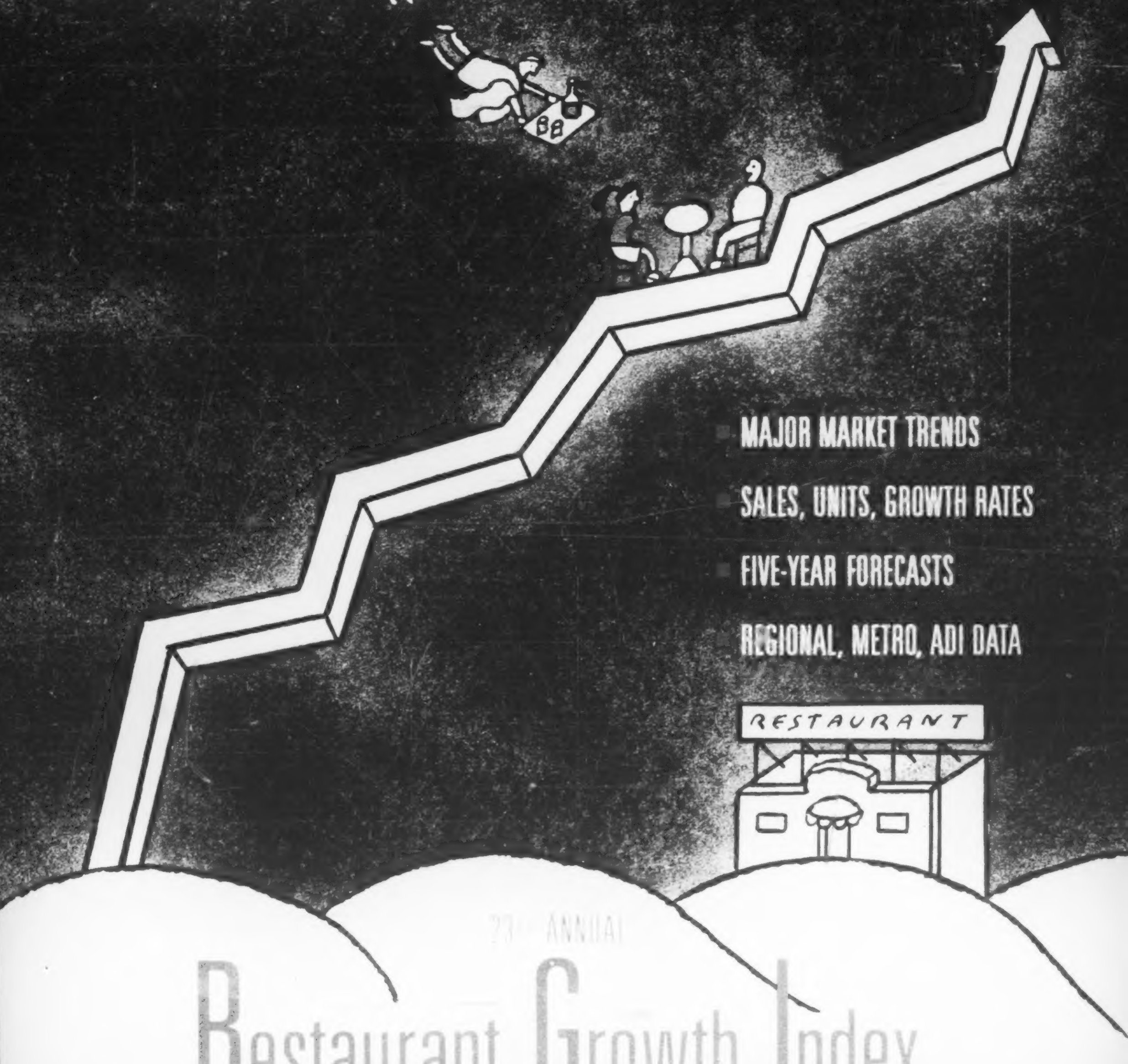

- MAJOR MARKET TRENDS
- SALES, UNITS, GROWTH RATES
- FIVE-YEAR FORECASTS
- REGIONAL, METRO, ADI DATA

23rd ANNUAL

Restaurant Growth Index

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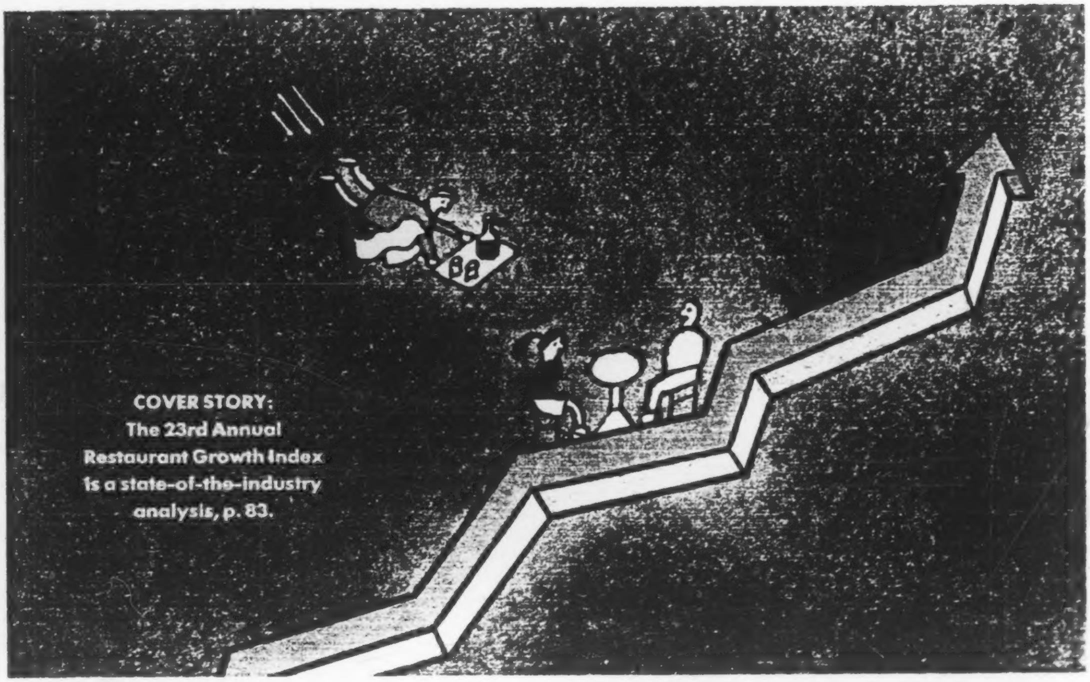

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COVER STORY

EXCLUSIVE REPORT RESTAURANT GROWTH INDEX. The 23rd Annual Restaurant Growth Index is *RB's* exclusive state-of-the-industry analysis. Presented in two sections—market segment reports and statistical tables—the RGI functions as a complete tool for evaluating the potential of both industry segments and geographical markets. Included are reports on sales and trends within the major market segments as well as a comprehensive package of statistical information, grouped by Metro Areas and Areas of Dominant Influence (ADI) of a television signal. **83**

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FOOD AND BEVERAGE

MENU IDEAS BREAD. More than just a giveaway item for customers to keep them occupied until the first course arrives, now the bread basket is becoming part of a restaurant's signature and helps it to create a more appetizing image. **227**

PRO'S PANTRY EXOTIC PRODUCE. Add exotic fruits to kick up your menu like papaya or cactus pear. This feature is Part II of expert Elizabeth Schneider's look at some of Latin America's bounty. **232**

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SUPERPREMIUM PUSH. A glass of fine liquor such as Cognac, single-malt Scotch, or Port in a restaurant is one of the few luxuries left in this day and age. The merchandising trick is to get your customers to trade up from premium to superpremium liquors. **235**

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Reprints of the **1990 RESTAURANT GROWTH INDEX** and the **1990 MAJOR FORCES IN FRANCHISING** are available for $5 per copy. Direct inquiries to Editorial Director Peter Berlinski, *Restaurant Business*, 633 Third Ave., New York, NY 10017.

IN THE NEXT ISSUE

COVER STORY COMPANY OF THE YEAR
RB is proud to honor Harman Management Corp. as its 1990 Company of the Year. This industry pioneer in human resources—innovators in employee motivation and customer satisfaction—proves that growth opportunities still exist for wise professionals in our industry. This honor caps off a big year for Harman Management: executive vice chairman Jackie Trujillo is a 1990 *RB* Leadership Award winner; Pete Harman won the coveted IFMA Gold Plate this year.

SPECIAL REPORT CHILD LABOR VIOLATIONS
With the current U.S. labor shortage and tough economic times, kids have been entering the work force and working more hours than the law says they should. Are they being exploited?

CONSOLIDATION THE HUMAN TOLL
In this investigative piece, *RB* takes an in-depth look at the effects of mergers and acquisitions.

MENU IDEAS POTATOES
From varietal french fries to potato pasta, the formerly humble spud is creating new sensations.

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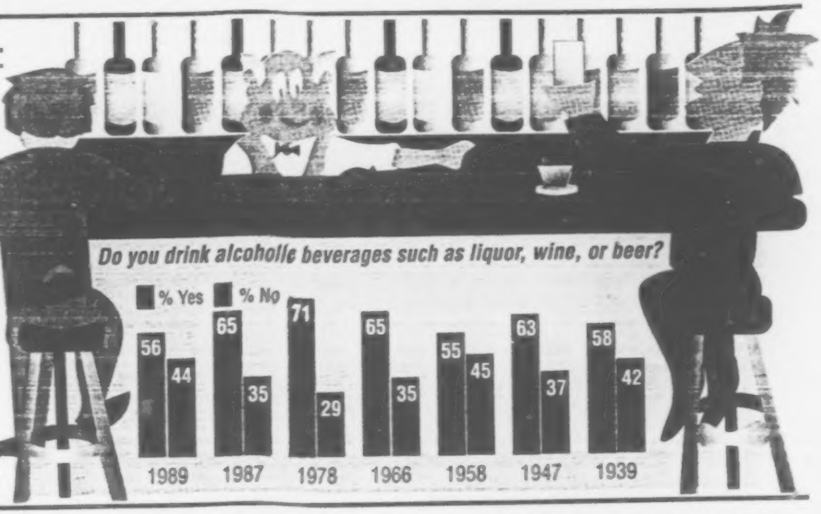
Bread, p. 227.

THE HARD FACTS SHAPING OUR INDUSTRY

BUSINESS BAROMETER

Alcohol Consumption: Back to the '50s

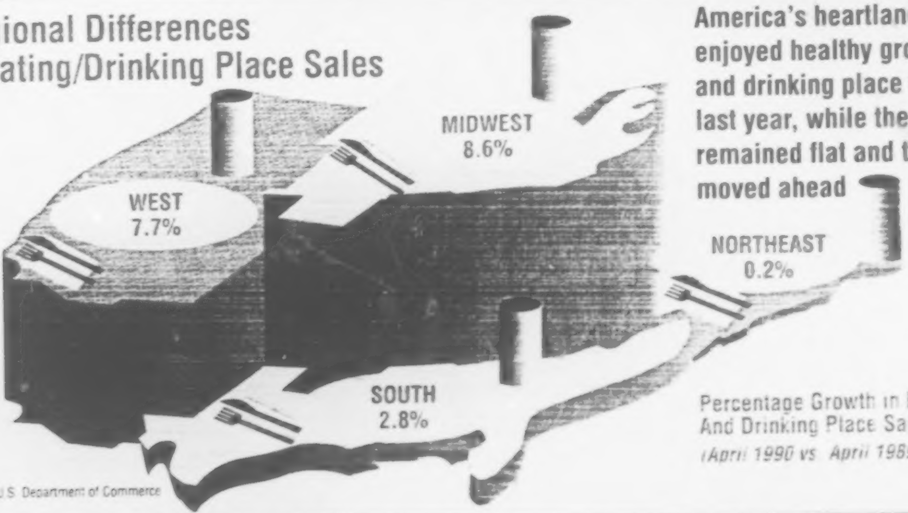
Fewer adults drank alcoholic beverages in 1989 than at any time since the Gallup Poll began asking in 1939, with the exception of one year—1958.



Source: The Gallup Poll, Princeton, NJ

Regional Differences In Eating/Drinking Place Sales

America's heartland and West enjoyed healthy growth in eating and drinking place sales in the last year, while the Northeast remained flat and the South moved ahead only slightly.

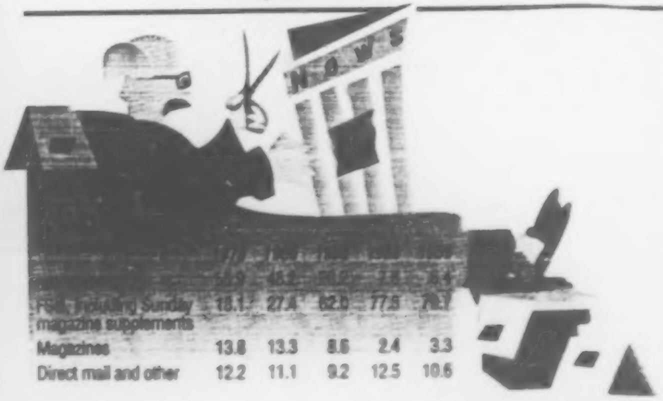


Percentage Growth in Eating And Drinking Place Sales
(April 1990 vs. April 1989)

Source: U.S. Department of Commerce

New Trends in Coupon Placements

The foodservice industry is a heavy user of coupons, and the methods of distribution have been changing. The share of coupons distributed in Sunday newspapers, especially in freestanding inserts (FSIs)—which have the highest redemption rate of any newspaper format—has increased dramatically over the last 15 years.



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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.4
FSIs, including Sunday magazine supplements	18.1	27.4	62.0	77.5	79.7
Magazines	13.8	13.3	8.6	2.4	3.3
Direct mail and other	12.2	11.1	9.2	12.5	10.6

Source: Nielsen Clearing House

Charts by Peter K. [illegible]

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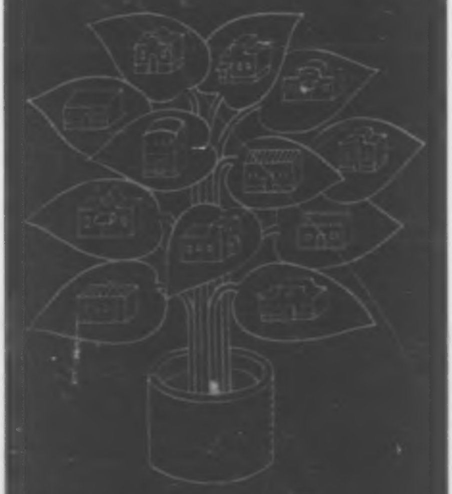

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ONCE AGAIN, RB proudly presents its exclusive state-of-the-industry analysis, The 23rd Annual Restaurant Growth Index (RGI). Two parts make up the RGI report: sales and trend reports on the eight major market segments (separate eating & drinking places, retail, leisure, hotel/motel, business & industry, health-care, student feeding, and airline); and statistical data on the country's 320 Metro Areas and 209 Areas of Dominant Influence (ADIs). Together, RGI comprises the foodservice industry's most comprehensive tool for evaluating both industry segment and geographic potential.

Part I, the Industry Report, summarizes recent developments and offers five-year sales projections for the eight major market segments. Part II, the Metro and ADI Reports, includes a market-by-market breakdown and rankings according to population, sales, units, market share, and effective buying income (EBI), among other criteria—information that is particularly valuable for foodservice companies that are preparing advertising budgets and growth plans. Over the past two decades, *RB's* Restaurant Growth Index has become a benchmark industry document. While striving to keep data consistent for comparisons, each year, new improvements are made to make this information more comprehensive and user-friendly. The data in Part I was provided by Technomic Inc., a Chicago-based consulting firm. The tables in Part II were prepared by Market Statistics, a division of Bill Communications.

ILLUSTRATIONS BY MARIS BISHOFS, CHARTS BY PETER NICEBERG

23RD ANNUAL RGI

INDUSTRY REPORT

Showing its maturity, the foodservice industry posted real growth of only 1.1% in 1989. Estimates for 1990 indicate some improvement, with total sales expected to reach over $279 billion, representing 1.7% real growth.

The year 1989 was an historic one for Limited Menu operators. The segment's 3.3% real growth enabled it to surpass its Full Menu counterpart in total sales—$71.9 billion versus $71.2 billion—although the Full Menu category is still larger in terms of food purchases. Full Menu restaurants suffered through a very difficult year, with sales increases of only 2.4% in nominal terms, resulting in a real decline of 2.1%. However, 1990 forecasts call for a return to positive growth for the Full Menu segment (set to increase 0.5%).

For the first time in over a decade, food expenditures declined both at home and away from home. The percentage of disposable personal income (DPI) spent on Food-Away-From-Home (FAFH) decreased to 4.59% in 1989, versus 4.70% in 1988. The percentage of DPI spent on Food-At-Home (FAH), meanwhile, decreased to 7.21% in 1989 from 7.27% in 1988. With just over 4% real growth in DPI, Eating & Drinking Places managed only a 0.5% real increase in 1989. Forecasts for 1990 are more favorable; driven by improvements in the eating places and full menu subsegments, Eating & Drinking Places should experience real growth of 1.7% this year.

For the third year in a row, the Consumer Price Index for FAFH increased at a slower rate than for Food At Home: 4.6% to 6.5%. This differential is expected to last into 1991, as the index for FAFH is expected to hold steady at 4.6% in 1990, while the index for FAH decreases to 5.2%. The extended forecast calls for moderate inflation through 1995 for FAFH, with an annual rate of 4.2%.

While the Limited Menu subsegment will continue to provide much of the real growth through 1995, at an annual rate of 3.0%, Full Menu should return to modest growth of 1.5%. Eating & Drinking Places is forecasted to grow 2.1% annually over the next five years.

The fastest growing major market segment in 1989 was Leisure, with 3.5% real growth to nearly $7.4 billion in food and beverage sales. Disney's MGM theme park helped shatter attendance records at Disney World and hiked annual resort/theme park revenue by 25%, although attendance was soft at many of the other 700 theme parks. Attendance at spectator sports increased 7% in 1989. With 20 metropolitan areas planning new stadiums, the Leisure market should have real growth of 3% annually through 1995.

Foodservice continues to be an area of expansion for convenience stores, particularly gasoline stations. New units and product line expansion helped the C-store subsegment grow 4.0% in real terms, to lead the Retail market to 2.8% real growth for 1989. However, unit construction is slowing and growth is expected to slow. The subsegment is forecasted to grow 2.5% annually (in real terms) through 1995, while other relatively mature Retail subsegments should grow at 1% or less.

The Hotel/Motel sector as a whole did fairly well in 1989. According to Laventhol & Horwath, occupancy rates were up 1.4% nationally to 67.3%, while food and beverage expenditures per room increased 3.8% in nominal terms in 1989. The Hotel/Motel market increased 1.5% in 1989, a rate it should be able to sustain through 1995.

The overall sales volume of many noncommercial segments must be interpreted cautiously. In many instances, such as patient foodservice, student foodservice, and airline foodservice, a "sale" as such does not take place. Thus, sales volume for the noncommercial segments have been adjusted to represent the retail value. This adjustment also takes into account subsidized meals.

Buoyed by nearly a 3% increase in employment, the Business & Industry segment had a 2.5% real increase in sales in 1989. However, the 1990 growth projection drops to 1.5% real increase, as civilian employment is expected to increase just 1% to 2%.

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COMMERCIAL MARKET	**INSTITUTIONAL MARKET**
1989 $231,512,000,000 +1.1% REAL SALES GROWTH	**1989** $28,442,000,000 +1.0% REAL SALES GROWTH
1990 $246,395,000,000 +1.8% REAL SALES GROWTH	**1990** $29,638,000,000 +0.9% REAL SALES GROWTH
1995 $336,365,000,000 +2.1% REAL SALES GROWTH	**1995** $35,628,000,000 +0.8% REAL SALES GROWTH

23RD ANNUAL RGI
INDUSTRY REPORT

Vending, also benefitting from increases in employment, experienced 2.7% real growth in 1989. Over the next five years, both segments are expected to have real annual increases of 2%.

After strong growth in the mid-1980s, the Airline market posted only 2.5% real growth in 1989. In 1990, the market should see some improvement to 3%. It should be the fastest-growing segment over the next five years, enjoying real annual growth of 5%.

Substantial revisions have been made on the data for the Health-Care segment since last year. The net effect of these revisions is a downsizing of the overall sales volume of the Hospital and Nursing Home subsegments. They have a greater difficulty in passing along increases in food purchases to patrons when no sale and/or a subsidized sale exists. For these reasons, a different inflation factor (2.3%) is now used in computing real growth for the Health-Care and Primary & Secondary School subsegments.

Moderate rates of new construction as well as continued high occupancy helped the self-operated Nursing Home subsegment climb to real growth of 3.1% in 1989. Meanwhile, self-operated Hospitals remained flat (0.5%). Contract foodservice sales in the Health-care segment overall grew by 2.2% in real terms in 1989, and the rate of conversion is expected to accelerate in the 1990s. Through 1995, contract foodservice is expected to have real annual growth of 4%. Sales of self-operated facilities are projected to shrink 1.5% in Hospitals, and increase 2.2% in Nursing Homes in that time frame.

Similarly, growth in the student market continues to favor contract management. Self-operated facilities in Primary & Secondary schools had no real growth in 1989, while college/university operators showed only 0.3% growth. Total foodservice in this segment is forecasted to increase an average of 0.5% annually through 1995.

This analysis was prepared exclusively for RB *by Ralph Rush, senior consultant, Technomic Inc.*

FOODSERVICE INDUSTRY SUMMARY

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	1989 UNITS	1989 SALES ($ MM)	1989 PURCHASES ($ MM)	1989 vs. 1988 % SALES GROWTH Nominal	Real	1990 SALES ($ MM)	1990 PURCHASES ($ MM)	1990 vs. 1989 % SALES GROWTH Nominal	Real	1995 SALES ($ MM)	1990–1995 % COMPOUND ANNUAL SALES GROWTH Nominal	Real
TOTAL MARKET	660,985	262,898	100,715	5.6	1.1	279,127	106,802	6.2	1.7	375,988	6.1	2.0
Commercial/Contract/Vending	529,300	231,512	85,030	8.3	1.1	246,395	90,524	6.4	1.8	336,365	6.4	2.1
Institutional/Self-operated	128,365	28,442	14,213	4.3	1.0	29,638	14,731	4.2	0.9	35,628	3.8	0.8
Military	3,320	2,944	1,472	4.1	(0.5)	3,094	1,547	5.1	0.5	3,995	5.2	1.0
MAJOR MARKET SEGMENTS												
Eating & Drinking Places	351,700	160,649	54,992	5.1	0.5	170,816	58,414	6.3	1.7	233,336	6.4	2.1
Eating Places	319,100	149,628	51,135	5.2	0.6	159,230	54,359	6.4	1.7	218,745	6.6	2.3
• Limited Menu	157,000	71,931	22,299	8.0	3.3	77,497	24,024	7.7	3.0	110,360	7.3	3.0
• Full Menu	152,000	71,241	26,359	2.4	(2.1)	74,891	27,710	5.1	0.5	99,105	5.8	1.5
Retail	101,000	13,916	5,245	7.5	2.8	14,843	5,590	6.7	1.9	19,771	5.9	1.6
Hotel/Motel	26,200	14,135	5,654	6.2	1.5	15,081	6,032	6.7	2.0	19,924	5.7	1.5
Leisure	25,500	7,364	2,577	8.3	3.5	7,933	2,777	7.7	3.0	11,296	7.3	3.0
Business & Industry	16,000	16,238	8,119	7.3	2.5	17,238	8,619	6.2	1.5	23,379	6.3	2.0
Health Care	25,985	10,907	5,454	4.0	1.6	11,351	5,676	4.1	0.5	13,317	3.2	1.0
Student	92,350	15,159	7,173	3.8	0.6	15,731	7,438	3.8	0.5	18,660	3.5	0.5
Vending	8,900	15,281	6,876	7.4	2.7	16,222	7,300	6.2	1.5	22,001	6.3	2.0
Airline	30	3,889	1,944	7.2	2.5	4,189	2,095	7.7	3.0	6,567	9.4	5.0

Other primarily institutional segments such as penal facilities, religious orders, cargo lines, etc., are included in Institutional/Self-operated feeding totals. These segments' sales and purchases are not shown in the detail for the major market segments.
Sales data for Institutional/Self-operated and Military have been adjusted to reflect equivalent consumer expenditures.
Purchases include all food and nonalcoholic and alcoholic beverages. Alcoholic beverage purchases have been excluded in Business & Industry, Health Care, Student, and Airline markets only. Limited menu and Full menu restaurant sales are included in Eating Place sales. Eating Place sales are included in Eating & Drinking Places and should not be added with other major market segments to arrive at total market sales.

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SEPARATE

EATING AND DRINKING

PLACES

Today's separate eating and drinking place market is extremely competitive, no doubt about it. The heady days of easy growth are over, and there's no room in the segment for time-worn ideas or shoddy operations.

And the competition isn't just for customers anymore, either. Today, the successful operator has to compete with other foodservice operators for good employees, as well as for good sites.

Yet there are still real success stories. Smart operators can still do well in the marketplace. "Industry growth is slow, but there are bright spots," says Doreen Zavada, vice president of the CREST division of Park Ridge, IL-based NPD Group, which tracks customer traffic. "Moderate prices seem to be a key. Italian, Oriental, and Mexican restaurants are still showing good growth, and pizza is still outperforming the industry as a whole. Also, casual-dining restaurants seem to be doing well."

Wily entrepreneurs aren't giving up hope of succeeding. They're not trying to beat the big chains at their own game, though; they're trying to establish points of difference from the giants, then build on those differences.

For example, Louisville, KY-based Rally's, a drive-thru hamburger chain with some 200 units, is building a reputation for lower prices and faster service than a McDonald's or a Burger King. Prices are kept low because the tiny units, with no indoor seating, cost half as much as full-line concepts.

Nunzio's Express, in Albuquerque, NM, is pursuing a similar strategy with pizza. The three drive-thru-only pizzerias sell $1.79 individual pies with a one-minute baking cycle, thanks to a patented production system and a specially designed oven.

Profit margins are also being squeezed; 1990 brought the passage of a new minimum wage law. The minimum wage will climb to $4.25 an hour by April 1992, with a limited, 90-day training wage of 85% allowed for some new employees. The law also calls for an increase in the tip credit and small business exemption, from the current $362,500 to $500,000.

THE EMPLOYEE PROBLEM. One of the most serious problems facing the foodservice industry today is the shortage of employees. The competition for employees is so intense that PepsiCo, owner of Taco Bell, Pizza Hut, and Kentucky Fried Chicken, has recently developed a "Share Power" program giving stock options to full-time employees even at the restaurant level.

And Miami-based Burger King, as part of its turnaround effort, has launched an incentive program for restaurant managers that has awarded some of them bonuses of as much as $20,000 in six months. Many companies have installed labor-saving equipment.

McDonald's is among those chains exploring other avenues for cutting labor costs. The company is seeking to bolster unit efficiency by outfitting restaurants with labor-saving computers and kitchen equipment. For example, a new "clamshell" grill that cooks both sides of a hamburger at the same time slashes cooking time.

The high cost of real estate, com-

continued on page 92

SEPARATE EATING & DRINKING PLACES

	1989	1989	1989	1989 vs. 1988		1990	1990	1990 vs. 1989		1995	1990–1995	
	UNITS	SALES ($ MM)	PURCHASES ($ MM)	% SALES GROWTH		SALES ($ MM)	PURCHASES ($ MM)	% SALES GROWTH		SALES ($ MM)	% COMPOUND ANNUAL SALES GROWTH	
				Nominal	Real			Nominal	Real		Nominal	Real
Separate Eating Places	319,100	149,628	51,135	5.2	0.6	159,230	54,359	6.4	1.7	[illegible]	[illegible]	[illegible]
• Limited Menu Restaurants (1)	157,000	71,931	22,299	8.0	3.3	77,497	24,024	7.7	3.0	110,360	7.3	3.0
• Full Menu Restaurants	152,000	71,241	26,359	2.4	(2.1)	74,891	27,710	5.1	0.5	[illegible]	[illegible]	[illegible]
• Public Cafeterias	6,200	4,356	1,742	6.2	1.5	4,602	1,841	5.6	1.0	6,090	5.8	1.5
• Social Caterers	3,900	2,100	735	5.8	1.1	2,241	784	6.7	2.0	[illegible]	[illegible]	[illegible]
Separate Drinking Places (2)	32,600	11,021	3,857	4.6	(0.1)	11,586	4,055	5.1	0.5	14,591	4.7	0.5
Total	351,700	180,649	54,992	5.1	0.5	170,816	58,414	6.3	1.7	[illegible]	[illegible]	[illegible]

(1) Includes ice cream and frozen custard stands.
(2) Units include only bars and taverns that serve food.

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SEPARATE EATING AND DRINKING PLACES

O'Charley's salad plate taps a healthy trend.

bined with a lack of prime sites, continues to be a problem for operators. Companies have explored many options for cutting real estate costs, including downsizing of units and rehabilitating existing restaurants that have failed. In fact, the scarcity of good sites has contributed to the growth of delivery-only concepts; Domino's Pizza, for example, can use secondary locations and still prosper.

Several companies continue to experiment on sharing a building with another foodservice concept, with mixed results. PepsiCo, for example, has opened several "all-in-one" locations, featuring a Taco Bell, a Pizza Hut, and a Kentucky Fried Chicken. Other large chains that have traditionally opened freestanding units are investigating food courts, kiosks, and even small operations in sporting arenas and department stores.

1989 $160,649,000,000
+0.5% REAL SALES GROWTH

1990 $170,816,000,000
+1.7% REAL SALES GROWTH

1995 $233,336,000,000
+2.0% REAL SALES GROWTH

One of the most important trends affecting full-service restaurants is what the NRA calls the "casualization" of the American restaurant. Restaurant patrons are increasingly opting for simple, reasonably priced food served in a relaxed setting.

"Customers are tired of fast-food places. They want something a little more upbeat, where they can be waited on but won't spend a lot of money," says Johyne Reck, executive vice president of marketing for Kansas City, MO-based Applebee's Neighborhood Grill & Bar, which parlayed the public's interest in casual dining into $150 million in sales in 1989. Applebee's operates some 115 restaurants, with franchisees expected to open an additional 70 to 80 restaurants by the end of 1990. Old timers like Houlihan's, T.G.I. Friday's, Chili's, and the Lettuce Entertain You restaurants are being joined by regional upstarts such as Houston's and Hooter's, both based in Atlanta, and Nashville-based O'Charley's.

Among them are Seattle-based Schwartz Brothers, with an eclectic mix of 27 restaurants and 20 dining concepts–1989 sales topped $29 million; San Francisco-based Real Restaurants Inc., operator of such trendy restaurants as Fog City Diner and Mustards; and Forte Restaurants, operator of the Boston Beanery Restaurant and Tavern Group based in Morgantown, WV.

TAKE-OUT. More restaurants are focusing on building take-out business. For example, San Francisco's La Canasta offers upscale, classical Mexican fare, such as turkey with mole sauce, for take-out only from a tiny storefront. Lines of customers often stretch up the block, because there's little room for them to wait inside.

Many people are a lot more inclinced to eat at home today for the same reason they're choosing casual restaurants: they have children, and worry about paying the bills.

A number of companies are actively pursuing children as customers. Among them is newly revitalized Burger King, which as part of its turnaround strategy devised a "Kid's Club." A million children signed up for the club in just seven weeks, says Burger King's Joyce Myers, director of public relations. Pizza Hut also is working to attract children. "We're trying to make our units far more friendly to kids," says a Pizza Hut spokesperson.

HIGH FINANCE. Mergers and acquisitions continued to be important expansion vehicles in 1989. Most notable was the purchase of Bonanza Steak Houses earlier this year by Metromedia, which also owns Ponderosa. The new company, Metromedia Steak Houses Inc., posted 1989 sales of $1.3 billion.

The recent acquisition of Randolph, MA-based Dunkin' Donuts, with 1,878 units, by London-based Allied-Lyons PLC is also of note. Allied-Lyons owns a string of pubs in Britain as well as Baskin-Robbins Ice Cream.

Another major acquisition was the purchase of Yonkers, NY-based Carvel Corp. by Investcorp., a New York City-based group of investment bankers that

KFC'S Hot Wings are designed to boost lunch.

LA-based Popeyes is still struggling to pay down the debt incurred when the 750-unit chain swallowed Church's Fried Chicken in 1989.

GOING TOUGH. The pizza segment continues to grow, but the going is tough for the smaller chains and independents as the three giants–Pizza Hut, Domino's, and Little Caesar–slug it out. Pizza Hut intends to blanket the market, expanding from 7,700 units today to as many as 12,000 by 1993. Most of that growth will come from carry-out/delivery units. Pizza Hut is also experimenting with unconventional locations, such as kiosks in c-stores.

Ann Arbor, MI-based Domino's continues to grow, but has been dogged by criticism because of delivery-related traffic accidents. The company now has more than 5,000 units, with the goal of doubling that by the end of the century. Farmington Hills, MI-based Little Caesar, too, is aggressive in its expansion strategy.

Except for Mexican restaurants, other types of ethnic restaurants are still run mostly by independents, although a number of companies have tried and failed to establish Oriental and Italian chains. The two clear exceptions are Commack, NY-based Sbarro, a chain of 250 Italian family-style restaurants, mostly in malls and food courts, and General Mills' Olive Garden dinner houses, with more than 150 units.

Although Mexican food has been successfully adapted to a chain format, independents continue to be very important in this segment. As Louisville-based Chi-Chi's vice president of marketing Glenn Drasher acknowledges, "We see independents doing a dynamite job."

Mexican fast food, however, is a different story. While many strong regional chains exist, some 70% of the market is owned by PepsiCo's giant Taco Bell.

GROWTH AREAS. Sandwich shops seem to offer a real window of opportunity today, providing what the customer can't get at home. For example, Milford, CT-based Subway, with some 4,000 units nationwide, bakes bread fresh on premises for its sandwiches. Sandwich shops are especially attractive because of their low start-up costs. A foodservice operator can open several sandwich shops for the cost of one McDonald's.

Bakery outlets have also been seen as potential growth vehicles, as the success of Seattle-based Cinnabon shows. Cinnabon has steadfastly refused to alter its formula of serving just one product, a cinnamon roll, in malls.

The public's yearning for fresh baked goods may be best satisfied in a bakery-cafe format. Boston-based Au Bon Pain, for example, successfully challenges any fast-food operator with its made-to-order sandwiches served on fresh-baked bread, with a full line of bakery items also available.

STEAK HOUSES. As it turns out, reports of the death of steak houses have been much exaggerated. While many 'budget' steak houses have evolved into family-style restaurants serving a wide variety of entrees, the growth of upscale steak houses such as New Orleans-based Ruth's Chris Steak Houses and Chicago's Morton's Steak Houses show that customers truly like their steak, and they are willing to pay premium prices.

In fact, the decline in red meat consumption may have more to do with market forces than with consumer preference. The decline began in 1976; that was also the last year that beef was a good value compared to pork and poultry. Such uncontrollable forces also affect the seafood segment, which has been struggling with steadily rising costs as consumption increases and supply decreases.

Nevertheless, General Mills Restaurant Group's Red Lobster restaurants continue to do well; part of the reason for the company's success is that it has the size and clout to shop worldwide for the best prices in seafood, and to demand the best quality.

THE FUTURE. The food business is getting increasingly high-tech. For many consumers, stopping at a fast- food restaurant has become a necessary function. So speed is paramount.

Many restaurants are installing their own fax machines to take customers' orders. In fact, diners at a McDonald's in Houston's posh Post Oak District have access to fax machines and a stock market price display. They can even do business from phones at the table in the restaurant.

Anaheim, CA-based Carl's Jr. has become the first major fast-food chain to accept automatic teller machine cards systemwide. The move allows people with cards from four California banks to withdraw up to $40 at all 498 Carl's Jr. locations. **–Jacque Kochak**

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RETAIL

Foodservice encourages shoppers to stay in the store and helps build the bottom line in the diverse retail segment. In today's turbulent marketplace, shopkeepers need all the help they can get. A wave of retail failures and consolidation is the burden of the retailing segment today, as an overbuilt industry competes for consumers' declining discretionary income. Middle-market department stores with undistinguished images are suffering the most. Better positioned for success are upper-end department and specialty stores with high-quality merchandise and good service, and low-end warehouse stores and hypermarkets with rock-bottom prices. This translates to bleak prospects for retail foodservice, illustrated by a 1.6% real compound annual growth rate projection through 1995.

"The retailing companies that make it through the next few years will have strong prospects for the future," says John Lovelace, central director of foodservices for Minneapolis-based Dayton Hudson department stores. "Consolidation hurts some companies by diverting them from planning while they struggle to service their debt."

TO THE FUTURE. Dayton Hudson is looking to the future with its $1 billion acquisition of the 22-store Chicago-based Marshall Field's chain. The deal is strategically sound, since both retailers make strong statements with food as well as fashion. The transaction also creates the nation's largest department store feeder, with estimated combined foodservice sales of over $90 million.

Dayton Hudson hasn't said if it will make changes in Field's foodservice, but it is unlikely that it will tinker with the success formula of Marshall Field's Down Under, the two-year-old complex of shops and food concepts on the lower level of its downtown Chicago flagship. "It's a cash cow," says Jerry Rozak, Field's vice president of food services. Down Under includes a cafe, a fast-food court, gourmet food and candy shops, an espresso bar, and Hinky Dink Kenna's pub. Next year, plans call for creating a full-service Italian trattoria and a rotisserie chicken take-out shop in renovated restaurant space.

Dayton Hudson's downtown Minneapolis flagship store is known for a collection of unique and successful food ventures in its own right. One concept, called Marketplace, features upscale prepared foods, cheeses, gourmet noshes, and fresh produce. Skyroom is a new-age food court that features five outlets—grilled seafood and meats, charbroiled chicken, gourmet pizza, an extensive salad bar, and deli sandwiches—all served in a stylish atmosphere, with serenades by a white-tuxedoed pianist at a white concert grand.

Occupying a special niche of retail store foodservice are tablecloth dining rooms in department stores. Among the leading examples are the Royal Palm Cafe in Burdines in Miami, the Oak Grille in Dayton Hudson in Minneapolis, and Marshall Field's Walnut Room in Chicago. According to Jane Smiley, vice president of Burdines, the Royal Palm Cafe has become a dining destination in downtown Miami.

TURNAROUND STRATEGIES. Locating units of commercial restaurant chains in stores is part of the turnaround strategies that middle-market retailer Sears, Roebuck and Co. has employed in recent years. Two years ago, Sears opened a McDonald's unit in a Pittsburgh store, which is currently under evaluation. Recently, Cattleguard Inc., a Houston-based restaurant company owned by former Sears executive Andrew Buttacavoli, began negotiations to open two test units of Kentucky Fried Chicken in leased space in Sears stores. In addition, Cattleguard oper-

RETAIL MARKET
FOODSERVICE SALES

	1989 UNITS	1989 SALES ($ MM)	1989 PURCHASES ($ MM)	1989 vs. 1988 % SALES GROWTH Nominal	Real	1990 SALES ($ MM)	1990 PURCHASES ($ MM)	1990 vs. 1989 % SALES GROWTH Nominal	Real	1995 SALES ($ MM)	1990–1995 % COMPOUND ANNUAL SALES GROWTH Nominal	Real
General Merchandise Stores (1)	18,400	2,026	790	5.6	1.0	2,128	830	5.0	0.4	2,747	5.2	1.0
Drug & Proprietary Stores	10,600	672	262	6.4	1.7	708	276	5.3	0.7	891	4.7	0.5
Convenience Stores (2)	57,000	5,875	2,056	8.8	4.0	6,391	2,237	8.8	4.0	8,882	6.8	2.5
Other Specialized Retail Stores (3)	15,000	5,343	2,137	6.9	2.2	5,616	2,247	5.1	0.5	7,251	5.2	1.0
Total	101,000	13,916	5,245	7.5	2.8	14,843	5,590	6.7	1.9	19,771	5.9	1.6

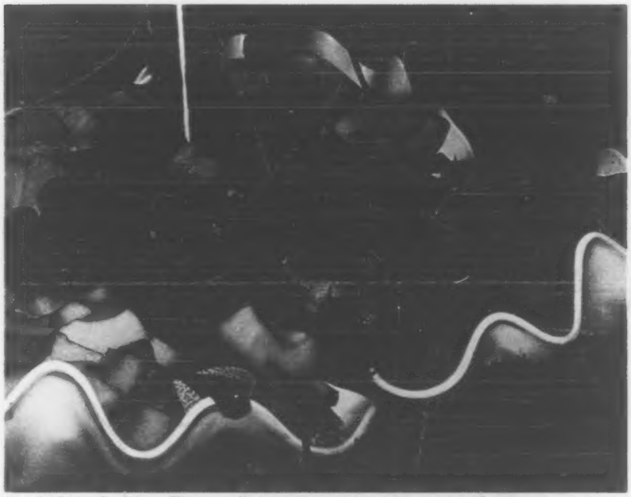
(1) Includes department, variety, and miscellaneous general merchandise stores.
(2) Includes primarily gasoline stations and traditional c-stores with foodservice. Previous issues included gasoline stations without foodservice.
(3) Includes supermarket restaurants, specialty food shops (such as cheese stores), and miscellaneous retailers such as liquor and book stores.

A wave of failures and consolidation is burdening the segment as an overbuilt industry competes for consumers' declining discretionary income.

ates 32 bakery, deli, and cafe outlets in Sears stores.

Modernization is coming to the discount retailers, notorious for the old-fashioned store lunch counter. Troy, MI-based K mart Corp., the nation's second-largest retailer after Sears, is renovating many of its 80 store restaurants with lighter woods, brighter colors, and better lighting, not to mention more salads and lighter foods.

Recently, K mart announced the opening of a Little Caesars pizza unit in its Rochester, MI, store, the first of eight Little Caesars to be tested in K mart stores."Pizza will probably be an impulse item at first, but in time it could bring additional traffic into the store," says Gary Prosser, K mart's director of food operations. Three other test units will open in Michigan, and four in Georgia.



In Miami, Burdines department store projects an upscale image in its Royal Palm Cafe dining room.

Supermarkets are gearing up to compete for the consumer dollar in take-out foods and in-store dining as well. Supermarket deli cases now feature roasted chicken, fresh prepared and chilled foods ready to microwave at home. Merchandising and dining areas have contemporary style, including attractive food courts.

Marsh Supermarkets, based in Yorktown, IN, reports brisk take-out sales of its recently introduced European-style croustade pizza. "It's unique for our area," says corporate chef Marc Walzer. As he describes it, croustade pizza consists of a thick and crunchy crust, with toppings, it sells for $3.99 a pound. Pizza makers work in view of customers, adding a unique merchandising element. Marsh stores also feature a Chinese take-out section with display stir-fry cooking. "This differs from the Chinese restaurant next door because we use boneless pork loin, chicken breasts, and flank steak, not lesser cuts," says Walzer.

1989 $13,916,000,000
+2.8% REAL SALES GROWTH

1990 $14,843,000,000
+1.9% REAL SALES GROWTH

1995 $19,771,000,000
+1.6% REAL SALES GROWTH

A few years ago, convenience stores were touted as a hot commodity, with segment leaders 7-Eleven and Circle K growing swiftly. Unforeseen, however, were the consequences of the heavy borrowing the two companies did to build stores, acquire competing chains, and in 7-Eleven's case, finance a leveraged buyout.

CLOUDY OUTLOOK. The c-store outlook has clouded considerably since. An industry snapshot shows Dallas-based Southland Corp., parent of 7,000-unit 7-Eleven, selling 300 stores this year and negotiating a debt-exchange sale of equity with its Japanese franchisee in an attempt to avert bankruptcy. The company's predicament is caused by inability to service the debt of its $4.9 billion leveraged buyout in 1987. Number-two player Circle K, based in Phoenix with 4,700 units, faces possible Chapter XI filing itself due to the billion-dollar debt it ran up in its expansion binge.

Despite the financial crunch, 7-Eleven is carrying on with its existing food programs and introducing new ones. The chain expects to sell 90 million grilled hot dogs this year and to expand its million-cup-a-day coffee business. 7-Eleven has introduced a Cafe Select line of gourmet brewed coffees.

C-stores in general suffer from burgeoning competition from oil company convenience marts. Observers say another detrimental factor is c-stores' blue-collar image and somewhat outdated merchandising standards.

National Convenience Stores, operator of the 1,100-unit Stop 'n Go chain, set out this year to upgrade that image. Preliminary results of a "re-merchandising" campaign show improved sales. The program tailors store merchandise to neighborhood demographics.

Theoretically, hypermarkets could revolutionize discount retailing. These mammoth stores sell a vast array of merchandise at discount prices. They also provide large captive audiences for food courts. Bentonville, AR-based Wal-Mart Stores, which has opened four Hypermart USA stores, has leased space in its food courts to operators such as McDonald's, TCBY, Subway, Taco John's, and Taco Bueno.

The hypermarket concept, while successful in Europe, is catching on slowly here. Only a handful exist in the U.S.. High real estate and construction costs are one concern retailers have about hypermarkets; public acceptance is another.—**J. S.**

23RD ANNUAL RGI

HOTEL MOTEL

The cyclical nature of the hotel business is clear as the boom of the 1980s threatens to bust in the 1990s. While the shakeout of the hotel industry will alter the complexion of hospitality, the survivors of the near future's challenges will emerge as tomorrow's leaders.

As a result of these challenges, hoteliers are examining their foodservice options. Many continue to develop food and beverage concepts that lure travelers and act as a viable profit center. In some instances, operators are leasing space in the hotel to a local restaurateur or food management company. Still others are opting out of food and beverage altogether, locating near a freestanding restaurant but offering no on-premise food and beverage.

Restaurant Growth Index figures reflect the competitive nature of the hotel foodservice marketplace, where 1990 real growth advanced only 2%.

SUPPLY VS. DEMAND. In its annual outlook on the hotel industry for 1989, Laventhol & Horwath outlines the challenges that face the industry. These include: an oversupply of rooms and rampant segmentation.

"We have to be where our customers are," explains Horst Schulze, president and chief operating officer of The Ritz Carlton Hotel Company. Indeed, the Atlanta, GA-based hotel chain has grown rapidly, from five hotels in 1983 to 14 hotels in 1990. Some observers, however, might question whether cities such as Cleveland, San Francisco or Philadelphia really need another hotel.

"The reason for the disappointing industrywide showing in occupancies (66.3% in 1988, well below break-even levels) is an oversupply of rooms in many areas, accompanied by a continued rapid growth in supply," says Mark V. Lomanno, director of research for Laventhol & Horwath.

In the 1990's, Marriott Corp. is focusing its energies on "mega" markets where the company is already well-positioned. Over the last 10 years, the Bethesda, MD-based lodging and contract services firm has expanded its hotel base from 65 full-service properties to 539 properties, introducing three new brand names: Courtyard, Residence Inn, and Fairfield Inn. While Marriott has been successful in carving out separate niches for its lodging products, some companies are suffering from cannibalization of their own customer base. Meanwhile, the overall environment becomes increasingly competitive.

The Continental Companies (TCC) of Miami is one of the fastest-growing hotel-management and development firms in the country. TCC presently has more than 50 hotels operating and/or under construction in the U.S., Canada, and the Caribbean. Companies like TCC compete with traditional corporate entities such as Hilton, Hyatt, and Stouffer for lucrative management contracts.

The recent $1.3 billion acquisition of Motel 6 by the French-based hotel giant Accor S.A. exemplifies the inroads international companies are making in the U.S. market. Accor, the eighth-largest hotel company in the world, also owns the Novotel and Sofitel hotel chains. Current objectives call for Accor to expand the 775-unit Motel 6 chain to 2,000 properties over the next several years.

F&B: IMAGE BUILDER. "We derive a certain 'psychic' income from our food and beverage operations," says Darryl Hartley-Leonard, president of Chicago-based Hyatt Hotels Corp., which currently operates 105 deluxe hotels and resorts in the U.S., Canada, and the Caribbean. "In today's competitive environment, a quality food and beverage operation can give you the edge."

Hyatt's newest hotel product, the all-suite Regency Suites, is designed to attract the top-tier traveler–in marked contrast to the middle-market customer sought by most all-suites. For example ,

HOTEL/MOTEL MARKET
FOODSERVICE SALES

	1989 UNITS	1989 SALES ($ MM)	1989 PURCHASES ($ MM)	1989 vs. 1988 % SALES GROWTH Nominal	1989 vs. 1988 % SALES GROWTH Real	1990 SALES ($ MM)	1990 PURCHASES ($ MM)	1990 vs. 1989 % SALES GROWTH Nominal	1990 vs. 1989 % SALES GROWTH Real	1995 SALES ($ MM)	1990–1995 % COMPOUND ANNUAL SALES GROWTH Nominal	1990–1995 % COMPOUND ANNUAL SALES GROWTH Real
Hotels	16,000	11,850	4,740	6.4	1.7	12,668	5,067	6.9	2.2	16,763	5.8	[illegible]
Motels (1)	10,200	2,285	914	5.5	0.9	2,413	965	5.6	1.0	3,161	5.6	1.3
Total	26,200	14,135	5,654	6.2	1.5	15,081	6,032	6.7	2.0	19,924	5.7	[illegible]

(1) Includes motels and motor hotels

While some hoteliers are focusing on improving f&b, others are leasing space to local restaurateurs or opting out of the food business altogether.

Jaxx Restaurant at the Hyatt Regency Suites in Chicago serves as an elegant setting for power breakfasts or special-occasion dinners.

Brunch at the Grand Bay Hotel in Miami.

Dallas-based Wyndham Hotels & Resorts uses food and beverage to position itself as the hotel of choice to upper-middle class business and leisure travelers and gain positive name recognition for the chain. "In October we will roll out signature items, from appetizers to desserts, in the restaurants in our 14 full-service hotels," says Dieter Kadoke, regional food and beverage director. (The company, a division of the Trammell Crow Group, also operates 18 Garden Hotels.) In 1991, Kadoke has targeted room service as an area needing an upgrade.

1989 $14,135,000,000
+1.5% REAL SALES GROWTH

1990 $15,081,000,000
+2.0% REAL SALES GROWTH

1995 $19,924,000,000
+1.5% REAL SALES GROWTH

In Boston, fierce competition among the upscale restaurants in several local hotels served as impetus for a facelift at Zachary's restaurant in the Colonnade Hotel. "The original Zachary's concept was 18 years old and due for a change," says Jan Goessing, executive assistant manager of the hotel. Today's menu divides the foods into "elemental" categories: fire, air, earth, and water. In addition to the structural menu changes, each category comprises a set menu but is also available separately. Entree prices were dropped an average of $4 to $6, with the result that set menus now contribute 50% of sales.

Meanwhile, Hyatt is fine-tuning its food and beverage strategy to meet customer demands for nutritious foods. According to Janos Kiss, corporate chef for Hyatt, customer interest in nutrition extends beyond a passing fad. As a result, Janos is concentrating his efforts on items that are low in cholesterol, fat, salt, and calories but full of flavor. To accomplish this, Janos and seven chefs pulled from Hyatts throughout the system are reworking existing menus. "We will eventually rewrite the recipes for about 150 items using only natural foods and vegetables, fats that are low in cholesterol, herbs, and free-range fowls," says Kiss. In addition to the emphasis on organic and natural foods, cooking methods will lean more towards grilling, steaming, and stir-frying.

LOCAL ATTRACTION. "Food and beverage is the ingredient that will push us to the front of the competition," says Eric Long, general manager of the Hilton Hotel in Short Hills, NJ. Located in a posh suburb in the New York metropolitan area, the Short Hills property uses its two restaurants to attract local executives and shoppers from the adjoining Short Hills Mall, and business travelers. In the 137-seat Terrace restaurant (the all-day dining concept), customers are encouraged to "enjoy good health" with a selection of healthy menu items all prepared using no added fat, salt, or sugar.

Ulrich Krauer, resident manager with food and beverage responsibilities at The Grand Bay hotel in Miami, sees a definite trend towards more local foods. "Miami is a cross-cultural city. The selections on our menus reflect Caribbean and South American influences," he says. The menu at the Grand Cafe restaurant features tropical fruits, root vegetables and sauces, and garnishes reflecting the area's ethnic make-up.

FREESTANDING. With an established reputation for fine dining within its hotels, Hyatt is also experimenting with freestanding concepts. For example, Japengo, a 145-seat freestanding restaurant in Southern California, is operated by Hyatt.

David Zadikoff, vice president of food and beverage for Hyatt, along with executive chef Kiss, developed the concept and menus. The food at Japengo blends Japanese, Korean, Thai, and California influences.

The restaurant features an active lounge area, a sushi bar, and an open kitchen. Hyatt is paying close attention to customer reaction, and anticipates close to $3 million in sales for the restaurant's first year in operation.

Similarly, Minneapolis-based Radisson Hotel Corp. operates J.J. Musky's Eatery at Pipe Creek, in Sandusky, OH, for Pipe Creek Companies. Located next to the Radisson Harbor Inn, J.J. Musky's is a casual restaurant that incorporates entertainment.-**Denise M. Brennan**

23RD ANNUAL RGI

LEISURE

This has been a good year overall for leisure foodservice operators. Attendance at attractions has been strong for a variety of reasons.

Kansas City, MO-based Volume Services, part of the recreation services division of Chicago's Canteen Corp., provides foodservice at stadia, arenas, ampitheaters, convention centers, and marinas. Leisure sales have been very strong despite some volatility because of the major league baseball walk-out in the spring, says division vice president Larry Hatch.

That is a problem with foodservice in the leisure segment, Hatch notes. Sales are completely dependent on traffic, and traffic can be affected by completely extraneous factors.

ALCOHOL AWARENESS. An important issue in sports stadia, he says, continues to be alcohol awareness. Another issue is that alcohol sales in leisure facilities are increasingly being subjected to heavy, state-mandated taxation.

Although Volume Services has experimented with a variety of menu items, Hatch says he finds that customers at sporting events still seem to want "the oldies"—hot dogs, beer, soft drinks, and popcorn.

At some stadia and arenas, however, foodservice has been growing more sophisticated. At the Palace of Auburn Hills near Detroit, for example, waiters serve upscale finger foods, made-to-order sandwiches, and prepackaged salads to "Royalty" seat holders.

At Yankee Stadium in New York City, a multifaceted food court is available. And at facilities in Oakland, CA, Volume Services has rolled out fajitas.

While health foods have not proven to be in overwhelming demand in sports facilities, Pilot's Field in Buffalo, NY, now boasts an alternative stand, serving pizza with an oatmeal crust, turkey hot dogs, mineral waters, and salted or salt-free oat bran pretzels. Foodservice at Pilot's Field is operated by the Rich family, owners of the Buffalo Bisons.

Some leisure foodservice operators have been experimenting with "branded" foods at their facilities. One example is Buffalo-based Sportservice Corp., which has started selling Cincinnati's Gold Star Chili at that Ohio city's Riverfront Stadium. The company is also selling Pizza Hut "go" pizzas at Busch Stadium in St. Louis. Selling name-brands is new for Sportservice, which is taking a cue from its sister Concessionaire, an in-flight caterer.

1989 $7,364,000,000
+3.5% REAL SALES GROWTH

1990 $7,933,000,000
+3.0% REAL SALES GROWTH

1995 $11,296,000,000
+3.0% REAL SALES GROWTH

Both Sportservice and Concessionaire are owned by a holding company, Delaware North. Sportservice operates 70 accounts, mainly at league baseball parks and racing tracks.

Sportservice's manager of communications Carrie Wright also notes that the company is concerned about health considerations, and has introduced a cholesterol-free popcorn. Also, it has reduced the fat content in hamburgers.

PARK PLACE. Attendance is good at national parks. Attendance at Yellowstone National Park has suffered for two years after a devastating fire, but tourists are back, says Steve Tedder, vice president and general manager for TW Recreational Services, part of Canteen Corp. TW Recreational Services provides lodging and foodservice at a number of parks.

In theme parks, Disney continues to be an innovator. Theme restaurants at Disneyland and Disney World are almost as interesting as the attractions themselves, and those at the new Disney-MGM Studios Theme Park in Orlando, which opened last year, are no exception. The Hollywood Brown Derby recalls the original Brown Derby in Los Angeles. Eight other foodservice outlets range from Dinosaur Gertie's to the Hollywood & Vine Cafeteria, serving a contemporary version of 1950s diner food.

Leisure foodservice continues to be a strong segment with steady growth, although uncontrollable factors—such as weather, gasoline prices, and even baseball strikes—can adversely affect sales.**–J. K.**

LEISURE MARKET
FOODSERVICE SALES

	1989 UNITS	1989 SALES ($ MM)	1989 PURCHASES ($ MM)	1989 vs. 1988 % SALES GROWTH Nominal	1989 vs. 1988 % SALES GROWTH Real	1990 SALES ($ MM)	1990 PURCHASES ($ MM)	1990 vs. 1989 % SALES GROWTH Nominal	1990 vs. 1989 % SALES GROWTH Real	1995 SALES ($ MM)	1990–1995 % COMPOUND ANNUAL SALES GROWTH Nominal	1990–1995 % COMPOUND ANNUAL SALES GROWTH Real
Leisure	25,500	7,364	2,577	8.3	3.5	7,933	2,777	7.7	3.0	11,296	7.3	3.0

Includes theme parks, stadiums, arenas, tracks, theaters, camps, clubs, and bowling lanes.

23RD ANNUAL RGI

BUSINESS AND INDUSTRY

American business is struggling to digest the highly leveraged buyout binge of the 1980s and to absorb the impact of the country's massive trade deficit. But foodservice sales within the Business & Industry (B&I) segment are holding their own: Projections call for 2.0% real compound annual growth through 1995.

Simplicity in foodservice is the watchword of the 1990s, B&I operators say. Providers are downscaling operations and favoring basic foods over haute cuisine. Their responsiveness will be tested by new customer demands for healthful foods and environmentally sound solid-waste management programs.

Competition with commercial operations is a fact of life. "Twenty years ago, it was difficult to leave the workplace and find food at lunch hour," says Ira Cohn, vice president of marketing and planning for Philadelphia-based ARA Services. "But today, every convenience store sells sandwiches and soda."

Despite this, B&I feeding executives are optimistic that many employers, while increasingly cost conscious, will continue to value quality foodservice as a benefit to their organization.

"I see a resurgence of interest in quality," says Joe Byrum, president and COO of Morrison's Custom Management, Mobile, AL. "Companies are giving us the latitude to install new equipment such as display grills."

Simplicity and moderation are increasingly apparent, even at the acme of B&I foodservice, the executive dining room. "Our customer today wants good food presented attractively, not the extremes of nouvelle cuisine," says Jack Galione, president of Corporate Food Services Inc., New York City.

"We're reverting to basic, recognizable food—pizza, meatloaf, Italian dishes," says Neil Reyer, vice president in charge of foodservice of Chemical Bank, New York City. "It reflects a cultural change in American business. Companies will have to become leaner and more productive to compete."

Health matters, too. Corporate warriors are saying no to the extravagant cuisine they discovered in the 1980s. Today, they opt for grilled and broiled seafood and poultry.

Chemical Bank's cafeterias are doing a brisk business in a name-brand diet-food product; weight-conscious employees no longer have to carry the powder from home and mix it themselves at lunch. Instead, they can buy it blended to order with skim milk, ice, and optional fresh fruit for $1.75.

"I can vouch for the increase in health awareness—people expect to have nutritional information at their fingertips," says Julie Flik, executive vice president of Flik International Corp., a Mamaroneck, NY-based foodservice management company.

An outgrowth of society's health obsession is the business of "wellness," or health promotion. One of the leaders in this infant field is Johnson & Johnson Inc. of New Brunswick, NJ, which is marketing the expertise it has attained in managing its Live for Life wellness program. Over the past decade, Johnson & Johnson has realized a net annual savings of $378 per employee in medical costs and reduced absenteeism through its program of smoking cessation, weight reduction, nutrition education, and healthier eating options.

In Johnson & Johnson cafeterias, run by The Wood Company of Allentown, PA, chefs cook lean trimmed meats and fresh seafood without salt or butter. They substitute pretzels for potato chips on sandwich platters, and offer vegetable soufflés as an alternative to french fries. At least one entree each day is low in fat and cholesterol,

BUSINESS & INDUSTRY MARKET

FOODSERVICE SALES

	1989 UNITS	1989 SALES ($ MM)	1989 PURCHASES ($ MM)	1989 vs. 1988 % SALES GROWTH		1990 SALES ($ MM)	1990 PURCHASES ($ MM)	1990 vs. 1989 % SALES GROWTH		1995 SALES ($ MM)	1990–1995 % COMPOUND ANNUAL SALES GROWTH	
				Nominal	Real			Nominal	Real		Nominal	Real
Business & Industry												
Self-operated Feeding	N/A	2,598	1,380	4.1	(0.6)	2,706	1,379	4.2	(0.4)	2,805	0.7	(3.3)
Contract	N/A	13,640	6,739	7.9	3.2	14,532	7,240	6.5	1.9	20,574	7.2	2.9
Total	16,000	16,238	8,119	7.3	2.5	17,238	8,619	6.2	1.5	23,379	6.3	2.0

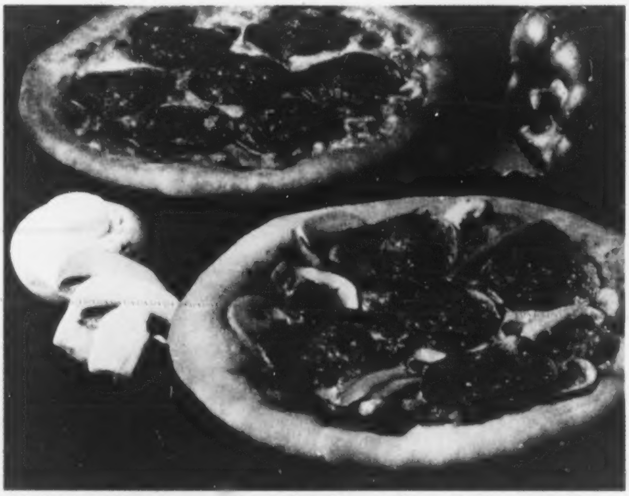
Note: Sales estimates have been adjusted to reflect equivalent consumer expenditures. Estimates exclude vending operations and alcoholic beverages.

Simplicity is the watchword: B&I operators are downscaling and favoring basic and familiar foods over haute cuisine.

such as the popular veggie burger, which is identified on the menu as heart-healthy.

On the other hand, they also menu cheeseburgers and fries, ice cream, and other nondiet foods. "We aren't making decisions for employees about how they should eat, but rather offering to educate them," says a Johnson & Johnson spokesperson.

Business and industry foodservice is now a major focus of the Washington, DC-based Marriott Corp., thanks to the 1989 sales of the company's inflight catering division and most of its commercial restaurants. "We want to play in megamarkets, such as the $120 billion food and services management field," says executive vice president Dan Howells. Overseas contracts are another promising slice of business that Marriott estimates is worth at least $50 billion. The company hopes to penetrate Europe fully after the unification of the European Community in 1992, says Robert Jantzen, vice president of international sales and client relations.



ARA Services' new brand is Itza Pizza Solo, a 7-in., personal-size pizza in a logoed box.

1989 $16,238,000,000
+2.5% REAL SALES GROWTH

1990 $17,238,000,000
+1.5% REAL SALES GROWTH

1995 $23,379,000,000
+2.0% REAL SALES GROWTH

Japan, which already has a handful of Marriott accounts, is a huge growth market. "B&I development in Japan is equivalent to where it was here in the U.S. in the 1950s," says Jantzen. Marriott will introduce its proprietary brands to the Japanese market, tempered by native tastes.

Indeed, the branding phenomenon continues to be evident throughout the B&I segment. More operators are creating their own proprietary concepts and leveraging high-profile commercial brands into their accounts as well.

Morrison's Custom Management reports improved lunchtime sales with its new Fast Takes, a proprietary takeout food program developed with food manufacturers. The product line includes Biscuit Breakfasts, Stuffwiches, and Fast Bags, complete lunches packed for "grab and go" sales.

Chicago-based Canteen Corp., a TW Services company, earlier this year rolled out its Saturn program of signature branded foods, which includes new and existing items such as Pazzelli's Pizza, Bigger Better Biscuits, and Classy Cookies, among others. Also playing an important role is Creative Cuisines, a line of more than two dozen modular menu/servery concepts that can be combined to create a "food court" effect in the cafeteria.

Sales support at the unit level is offered via point-of-sale materials and promotional ideas, as well as enhancements in customer service procedures and employee training. For instance, Creative Juices is Canteen's series of monthly promotions for dining-service managers. The company's new Saturn Standards program provides upgraded decor treatments.

ARA Services has a stable of brands, too. Itza Pizza Solo is a new addition—a 7-in., personal-size pizza. Food cost is 20% to 25% for the product, which is baked off in a countertop oven that can produce 85 to 90 pies per hour. "We recognize that commercial branding has value," says ARA's Ira Cohn. "We feel our brands offer more flexibility."

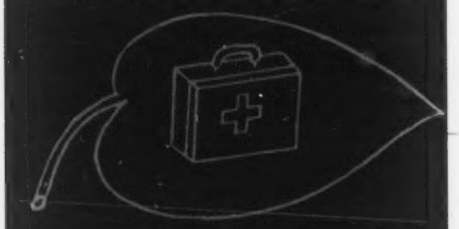
Wakefield, MA-based daka Inc., a foodservice management company, occasionally runs promotions with restaurants near its accounts, adopting menu items from establishments such as Legal Sea Foods and Fuddruckers, the chain it acquired two years ago. "Special events break up the routine," says chairman Terry Vince.

Another sign of the times in B&I catering is the growth of the in-house meeting. Companies are using food to increase productivity and to realize tax benefits, says Gary Gunderson, regional manager of Motorola Inc. in Phoenix, which is self-operated. "The company can claim a 100% deduction on an in-house function, but only 80% in a restaurant," he points out.

GREEN MOVEMENT. Environmental awareness is another trend impacting B&I operators. The Louisville, KY-based Society for Foodservice Management has formed a committee to study the solid waste problem.

Motorola Food Works in Phoenix separates and sends off to a recycler aluminum, tin, glass, and paper. It is investigating polystyrene recycling and requesting purveyors to reduce packaging at the source.**–James Scarpa**

23RD ANNUAL RGI



HEALTH CARE

The health-care segment is in a time of transition. Problems come with change, but so do opportunities. The unhappy reality for hospitals, clinics, and nursing homes is that costs are skyrocketing. As a result, "cost containment" in health care is the big issue, but hospitals want to contain costs without diminishing quality.

"It's important to really take good care of the patients, but to do it with fewer people and less expense," says Bill Edmundsen, president of the health-care nutrition services division of Philadelphia-based ARA Services.

"There are a lot of financial pressures on health-care facilities today, because hospitals are closing and merging and there are bankruptcies," agrees Susan Valenti, director of marketing for The Seiler Corp., a regional contract caterer based in Waltham, MA. "They demand lower prices with equal services, so we have to be sharper."

PROFIT CENTERS. Faced with this dilemma, contract foodservice operators are finding the "cash side" of hospital operations to be of increasing financial importance. Hospital cafeterias are emerging as profit centers.

A successful hospital restaurant can also help to subsidize foodservice for hospital patients, a fact that gives contract feeders a decided advantage.

"A company like ours can use the same programs in a hospital cafeteria that we use in a bank," says ARA's Edmundsen. "A hospital with an independent operation can't do that."

As a result, hospital foodservice today is increasingly market-driven and is anything but boring. For example, Mobile, AL-based Morrison's Custom Management Inc. offers "Fast Takes," a take-out service for health-care employees and visitors.

Fast Takes appeals to employees with limited time for meals, and uses name-brand products. Over 30 signature menu items have been created for the program. Part of the Fast Takes program is Biscuit Baskets, a line of oversized biscuits filled with eggs, breakfast meats, and cheese.

Fast Takes Stuffwiches, large popover-like sandwiches with meat and cheese fillings, are equally unusual. "Fast Bags" are complete lunches of entree salads and deli sandwiches with drinks, packed in a bag for fast service.

The program is supported by giant four-color posters and a series of mini posters, as well as Fast Takes pennants and brochures. An incentive program awarding prizes on unit, district, and regional levels is part of the program.

The goal of the program is to increase cash sales a minimum of 5% in hospital restaurant accounts, as well as to increase customer counts and customer frequency and participation.

Through a series of acquisitions, Morrison's Custom Management has emerged as the largest hospital contract feeder in the country, with more

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HEALTH CARE MARKET
FOODSERVICE SALES

	1989	1989	1989	1989 vs. 1988		1990	1990	1990 vs. 1989		1995	1990–1995	
	UNITS	SALES ($ MM)	PURCHASES ($ MM)	% SALES GROWTH Nominal	Real	SALES ($ MM)	PURCHASES ($ MM)	% SALES GROWTH Nominal	Real	SALES ($ MM)	% COMPOUND ANNUAL SALES GROWTH Nominal	Real
Hospitals												
Self-operated	6,985	5,113	2,558	2.9	0.5	5,191	2,551	1.5	(0.8)	5,367	0.7	(1.5)
Nursing Homes												
Self-operated	19,000	3,394	1,697	5.5	3.1	3,572	1,831	5.2	2.9	4,440	4.4	2.2
Hospitals and Nursing Homes												
Contract	(1)	2,400	1,200	4.5	2.2	2,588	1,294	7.9	5.4	3,511	6.3	4.0
Total	**25,985**	**10,907**	**5,454**	**4.0**	**1.6**	**11,351**	**5,676**	**4.1**	**0.5**	**13,317**	**3.2**	**1.0**

(1) Contract totals are included in the totals for hospitals and nursing homes.

Note: Sales estimates have been adjusted to reflect equivalent expenditures. The inflation rate used in this segment is 2.3% for 1989 and 1990; 2.1% through 1995. Estimates exclude alcoholic beverages. Hospitals include long-term and short-term; public, private, and military; general as well as psychiatric and other special institutions.

than 50% of its sales derived from its Health Services division.

At the same time that hospital contract dining services have recognized the vast pool of customers that exists in hospital employees and visitors, so have companies not traditionally associated with health care. An example is McDonald's, which has opened a number of units in hospitals.

A McDonald's can't provide for the dietary needs of patients, however, so the company must team up with a hospital foodservice operator. Morrison's recently formed an alliance with McDonald's, with a unit going into Broward General Hospital in Ft. Lauderdale.

Washington, DC-based Marriott Corp. has added a growing list of services to hospitals. In addition to foodservice, the company is providing housekeeping, plant operations and maintenance. The company is also providing child care for hospital accounts. Marriott has also opened a number of convenience stores/dry cleaners on hospital premises for the convenience of employees.

The company has also gotten into providing specialized foodservice for hospitals. For example, Marriott operates a "formula room" at Johns Hopkins Hospital, where the needs of babies being fed by tube are met. The company also keeps a data bank with 6,000 patient recipes for specialized needs, then cross-references the recipes by illness, making specialized diets more simple to prepare.

AMENITIES. At Columbia Presbyterian Hospital in New York City, Marriott operates "concierge level" service. One entire secured floor is given over for special patients paying for luxury service.

Marriott has upgraded hospital service with extras such as fruit baskets for new patients.

1989 $10,907,000,000
+1.6% REAL SALES GROWTH

1990 $11,351,000,000
+0.5% REAL SALES GROWTH

1995 $13,317,000,000
+1.0% REAL SALES GROWTH

The average patient is also receiving upgraded service, with extras such as fruit baskets. Marriott is even providing room service for visitors.

While most of the excitement in health-care foodservice today is coming from the cash side of the business, serving patients will always be important.

That is why ARA Services, with some 350 health-care accounts, has started a Host/Hostess program. Employees in the dietary department, instead of nurses, take orders and deliver meals to the patient.

"That way, we can control what the food looks like, whether it is hot or cold, and whether it is the way the patient wants it," says Edmundsen, division president.

While Morrison's Custom Management, ARA Services, Canteen Corp., and Marriott Corp. dominate the health-care foodservice segment, some innovative regional companies are attracting attention. Among them are The Seiler Corp. on the East Coast and Food Dimensions in the West.

The Seiler Corp. and Food Dimensions are actually sister companies, part of the giant French company Sodexho. Sodexho operates in over 40 countries, generating 25% of its revenues in North America. Altogether, Sodexho operates the foodservice in more than 500 hospitals, clinics, and retirement homes. Almost 280 of those are in the United States, with 140 acute-care accounts and 138 nursing home/retirement community accounts.

CATERING CORNER. In addition to health-care catering, Sodexho manages foodservice for companies and institutions as well as schools and universities. The company also operates public restaurants under concessionary contracts and under the trade names of "French Corner" and "Oh! Poivrier!"

The Seiler Corp.'s "Advantages in Marketing" program lets on-site managers at all kinds of accounts choose from a variety of marketing programs, and the programs have proven helpful in building cash sales at health-care sites.

For example, the "Cuisine to Go" program offers meals and beverages to go and is supported by a brochure/menu, a poster, counter cards and table tents, a "Win a Meal" game, and paper bags and wrappers.

For patients, The Seiler Corp. emphasize little extras such as holiday tray appointments, birthday cakes, new parent candlelight dinners, and wine programs.—**J. K.**

23RD ANNUAL RGI

STUDENT

School foodservice directors deal with many of the same challenges faced by their comrades in commercial restaurants, such as the labor shortage, the minimum wage increase, and rising food prices. These are in addition to the problems unique to the education business, such as government commodity cutbacks, shrinking federal reimbursements, the morass of paperwork and audits, and shifting enrollment trends.

Not surprisingly, the student foodservice market will show only 0.5% real compound annual growth rate from 1990 to 1995, making it the slowest-growing of the major market segments.

KEEP THEM IN SCHOOL. To cope, foodservice directors are borrowing tactics from the commercial sector, such as value-added merchandising and branded concepts designed to keep students eating in the school dining hall rather than nearby fast-food outlets.

For elementary and middle schools, the mini-baby boom of recent years is producing more pupils. "We've bottomed out on the declining enrollment trend, and we're on the way back up," says Thomas McGlinchy, director of foodservice for the Philadelphia School District, the nation's fifth largest.

Despite fewer numbers of college students today, "there are still considerable opportunities in campus dining services today," says Robert Anderson, vice president-marketing of Philadelphia-based ARA Services' Campus Dining division. "We're catering to the needs of older students and working students, a group that is increasing in number even as the number of 18- to 21-year-olds declines."

One of the biggest problems in school foodservice today is the cutback in cheese subsidies. The USDA is no longer supplying school districts with free cheese purchased in its farm price-support programs. The cutbacks strike at pizza, the undisputed top item in schools everywhere and a cash cow for many schools. Operators must decide whether to menu pizza less frequently or to buy additional cheese or cheese substitutes out of budget and whether to pass along the costs to students.

For example, the Philadelphia school district received 250,000 lb. of government cheese two years ago, down from 800,000 lb. a year prior. The district is absorbing the cost of buying additional cheese, holding the price of pizza at $1.50. "We're not menuing pizza less frequently, but we've cut back on macaroni and cheese," says McGlinchy.

In a controversial new development, a few school districts are testing Pizza Hut pizza as a reimbursable meal for students who qualify for reduced price or free meals. This is known as a "meal pattern" meal, served according to government regulations along with salad, potato or vegetable, and milk. It's healthy, proponents say, and it boosts student participation in lunch. But critics charge that it paves the way for other fast foods to enter the schools to the detriment of proper nutrition.

The Cedar Rapids Community School District in Cedar Rapids, IA, reports a 10% to 15% increase in lunch participation in the three high schools that are testing Pizza Hut pan pizza slices, according to food manager Barbara McCune. "We did not take anything away from the kids, such as salad bars or fresh fruits," says McCune. "Compared to the other choices students can make, pizza is a pretty

STUDENT MARKET
FOODSERVICE SALES

	1989	1989	1989	1989 vs. 1988		1990	1990	1990 vs. 1989		1995	1990–1995	
	UNITS	SALES ($ MM)	PURCHASES ($ MM)	% SALES GROWTH		SALES ($ MM)	PURCHASES ($ MM)	% SALES GROWTH		SALES ($ MM)	% COMPOUND ANNUAL SALES GROWTH	
				Nominal	Real			Nominal	Real		Nominal	Real
Primary and Secondary Schools												
Self-operated	89,000	7,964	3,982	2.3	0.0	8,144	4,072	2.3	0.0	9,159	2.4	(1.7)
Contract	(1)	934	467	8.5	6.1	1,007	503	7.7	5.3	1,616	9.9	5.5
Colleges/Universities												
Self-operated	3,350	3,068	1,444	4.9	0.3	3,208	1,489	4.6	0.0	3,548	2.0	(2.1)
Contract	(1)	3,193	1,280	5.4	0.8	3,373	1,374	5.6	1.0	4,336	5.2	0.9
Total	92,350	15,159	7,173	3.8	0.6	15,731	7,438	3.8	0.5	18,660	3.5	0.5

(1) Total unit count is given in the self-operated total.

Note: Sales estimates have been adjusted to reflect equivalent consumer expenditures. School estimates include government commodities and milk. Estimates exclude alcoholic beverages.

School foodservice directors are borrowing tactics from the commercial sector, such as merchandising and branded concepts to keep students in school.

Deli Corner
BAKE SHOP
Gretel's
GRETEL'S

ARA Services merchandises commercial brands and its own proprietary brands such as Gretel's.

1989 $15,159,000,000
+0.6% REAL SALES GROWTH

1990 $15,731,000,000
+0.5% REAL SALES GROWTH

1995 $18,660,000,000
+0.5% REAL SALES GROWTH

harmless one."

Borrowing another page from the commercial sector, mobile carts selling sandwiches, nachos, and pizza have helped the Phoenix Union High School District boost lunch participation 25% in its nine schools, says administrator Delora Cornelius.

The Philadelphia School District bought three mobile carts for $30,000. "They brighten up the decor and reduce serving-line congestion," says McGlinchy.

Dietary concerns are prominent on the minds of school foodservice directors. At the American School Foodservice Association conference held in New Orleans this summer, "attendees called for more lower-salt and lower-fat foods and for the elimination of tropical cooking oils in prepared foods," says Thelma Becker, director of food services of the Souderton (PA) School District.

In the meantime, items such as nachos, pizza slices, chicken nuggets, and ribs remain the most popular items in high school feeding, although regular plate lunches are still widely used in elementary schools.

However, there is concern among administrators about the effect that declining federal reimbursements and shrinking commodity giveaways will have on nutrition. Some worry that pressure on high schools to break even on foodservice will lead to an increased reliance on fast foods.

Today, some school districts are receiving demands for "dawn-to-dusk" student supervision to facilitate the work schedules of busy parents. Should this become commonplace, it would mean increased demands on school foodservice to provide breakfast and an afternoon snack in addition to lunch. Yet to be decided is how school districts and the federal government will pay the tab for these extra meals.

LABOR PROBLEMS. Labor costs, recruitment, training and retention, and minimum wage increases are as much a problem for schools as they are in the commercial sector. This year, the Philadelphia School District will implement vending machine service to save on labor. The district will try to keep food costs down in its satellite schools by accepting bids from contractors for premade burritos, as it has done with pizza in the past.

In the university arena, ARA Services encourages managers to offset rising costs by implementing value-added merchandising programs.

"We want managers to think more like marketers," says ARA's Anderson. ARA uses mainstream commercial brands such as TCBY and Pizza Hut in select locations, as well as its own proprietary brand concepts such as Itza Pizza, Gretel's Bake Shop, and Deli Corner.

Similarly, Washington, DC-based Marriott Corp. uses a combination of national, regional, and its own brands. "Consistency and recognition are the reason for using brand names," says James Kahl, senior vice president for education and health care foodservice. Brands have included Dunkin' Donuts, Nathan's hot dogs, and Mrs. Fields cookies. "But our own brands give us more flexibility."

At the University of California at Irvine's new student union food court, Chicago-based Canteen Corp., a unit of TW Services, operates outlets selling Taco Bell and its own Pazzelli's Pizza brands, along with proprietary Oriental food and deli food concepts. The foodservice roster also includes a franchised Carl's Jr. hamburger outlet.

The facility's foodservice sales are projected at $3 million to $4 million this year, reports supervisor Mike Berry. Cash sales play a major role at UC/Irvine, where only 4,000 of the 16,600 students enrolled live on campus and large numbers of students stay on campus in the evening. Volume feeding in the UC/Irvine campus commons, operated by Stamford, CT-based Service America Corp., serves 2,600 students per day.

Colleges have proven capable of creating their own brands with success as well. The University of Illinois at Urbana runs a gourmet pizza parlor on Wednesdays. The school also operates Reservations Only, a tablecloth dining restaurant, and Cantina Mexicana. This year, it is opening a deli.–**J.S.**

23RD ANNUAL RGI

AIRLINE

Foodservice is a marketing tool and a competitive edge for airlines today. That's the consensus among the eight major carriers that have survived the corporate raids, fare wars, and labor strife of the 1980s to control 90% of the nation's air traffic. Foodservice sales within the airline industry are forecasted to grow 5% in real terms from 1990 to 1995, the healthiest rate of all segments.

Last year, the major carriers spent slightly more than $2 billion on food, up from $1.8 billion in 1988 and $1.6 billion in 1987, according to the Airline Travel Association (ATA), Washington, DC. This is true even though passenger boardings were down slightly in 1989.

QUALITY COUNTS. The focus is on quality. "Airlines had to be convinced that there's a payback for raising the quality of foodservice," says Phillip Cooke, executive director of the Louisville, KY-based Inflight Food Service Association (IFSA).

In their quality push, airlines are replacing cold snacks with full meal service on many flights and offering passengers more choices. This commitment is evident in many ways. American Airlines has created an advisory panel of professional chefs, which meets regularly to consult on new menus and preparation methods. Northwest Airlines, acquired in a leveraged buyout by former Marriott Corp. executives last year, is earmarking more than $400 million over the next five years to upgrade its service, including $100 million for foodservice.

The health awareness of many Americans is a concern of inflight menu makers. Delta Airlines is typical, replacing animal fats with soybean oil and butter with margarine, removing skin from chicken entrees, and purging MSG and tropical oils from dishes. United Airlines' menus increasingly favor poultry and seafood over red meat, says Kurt Lackner, director of food and beverage.

American Airlines is upgrading its service to match foreign competitors such as Swissair and Lufthansa as it pushes into overseas destinations. On certain flights, passengers enjoy lobster and other upscale entrees.

British Airways recently added a special single malt Scotch whisky to its first class beverage list. Delta Airlines offers its first class passengers warm butterscotch topping and chopped nuts over dipped-to-order ice cream sundaes. United recently spent $40 million to upgrade the china in business class on international flights, making the serviceware similar to that in first class.

1989 $3,889,000,000
2.5% REAL SALES GROWTH

1990 $4,189,000,000
+3.0% REAL SALES GROWTH

1995 $6,567,000,000
+5.0% REAL SALES GROWTH

Milwaukee-based Midwest Express airlines has a reputation for first class foodservice for every passenger on the plane. Serving entrees such as lobster thermidor, Midwest Express spends approximately $9.50 per passenger meal, in comparison to the industry wide average of $5.05. Even the snacks it serves with cocktails are high-toned—lobster medallions, not peanuts.

But even Midwest Express perqs fade in comparison to MGM Grand Air, an ultra-luxury carrier. Travelers are served caviar and Champagne by tuxedoed flight attendants.

UPBEAT OUTLOOK. The projected expansion of the airline industry also means an upbeat outlook for the catering companies. The world's largest airline caterer is Potomac, MD-based Caterair International. It does business as Marriott In Flite Services and is poised to reach the $1 billion mark in revenues, up 20% over the year prior. Caterair operates flight kitchens in 45 U.S. and 44 international destinations.

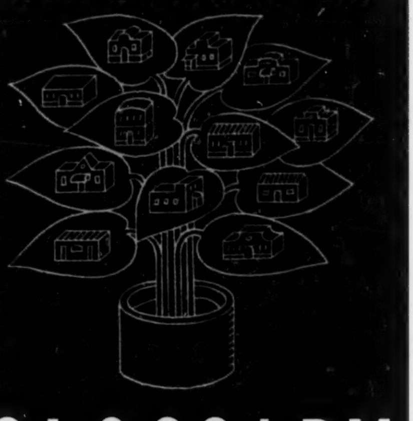
Memphis-based Dobbs Intl. Services, an inflight catering subsidiary of the Greyhound Corp., is celebrating its 50th anniversary this year by continuing a quality improvement program aimed at enhanced customer satisfaction that helps it maintain a competitive edge. The strategy has paid off in 1989 sales and revenue increases of 10%.**-J.S.**

AIRLINE MARKET
FOODSERVICE SALES

	1989	1989	1989	1989 vs. 1988		1990	1990	1990 vs. 1989		1995	1990–1995	
	UNITS	SALES ($ MM)	PURCHASES ($ MM)	% SALES GROWTH		SALES ($ MM)	PURCHASES ($ MM)	% SALES GROWTH		SALES ($ MM)	% COMPOUND ANNUAL SALES GROWTH	
				Nominal	Real			Nominal	Real		Nominal	Real
Airline	30	3,889	1,944	7.2	2.5	4,189	2,095	7.7	3.0	6,567	[illegible]	[illegible]

Note: Sales estimates have been adjusted to reflect equivalent consumer expenditures. Airline estimates reflect inflight operations only. Terminal operations included within Separate Eating & Drinking Places.

23RD ANNUAL RGI



GLOSSARY

POPULATION. Updated from the 1980 U.S. Census of Population and Housing, this is an estimate of the number of people living in an area at the end of the year. It includes people living in colleges and hospitals, and armed forces permanently assigned to the area, but excludes tourists and transients. Large changes in group-quarters populations are not projected in these forecasts.

Demographic statistics have been estimated by a population component procedure—independent county estimates of births, deaths, and migration. These population components are aggregated and either added to or subtracted from the appropriate benchmark. Fertility rates, for example, have been projected at their current rate of change. Similarly, we have assumed that current mortality rates will continue unmodified.

HOUSEHOLD. Consists of all the people occupying a single housing unit under 1980 Census rules. The members of a household need not be related, and a single person living alone in a housing unit is also counted as a household.

All persons who are not members of households are regarded as living in group quarters, including institutions, college dormitories, and military barracks. Caution: Although a county's population total includes all the people in the area, the household total excludes those living in group quarters.

AVERAGE HOUSEHOLD SIZE. Total population divided by the number of households. Depending upon whether it is above or below the U.S. average, it is used as a rough indicator of the relative importance of family-type units or single-person units in a local area.

However, the figure can be artificially high in those few counties where there is a disproportionate share of college, military, or other types of institutional population.

EFFECTIVE BUYING INCOME (EBI). Personal income less personal tax and nontax payments, also known as Disposable Personal Income.

EATING AND DRINKING PLACES. Includes establishments selling prepared food and drink for consumption on or near the premises or for take-out; lunch counters and refreshment stands selling prepared food and drink for immediate food contractors; and leased eating and/or drinking concessions in theaters, hotels, amusement parks, etc. Restaurants and lunch counters operated by department stores are classified in the General Merchandise Group; those operated by hotels are classified in the Hotels Group.

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PER CAPITA RESTAURANT SALES 224

23RD ANNUAL RGI

GLOSSARY

FOOTNOTE TO SALES FIGURES

Adjustment of Separate Eating & Drinking Place sales figures to be comparable to the approach of current retail trade reports:

After adjustments for differences in what current retail trade reports include in Eating Place sales—both in reported sales by segment and the segments themselves—the Eating Place sales figures in Technomic's forecast and analysis section increases from $149,628,000,000 to $161,587,000,000, an increase of $11,959,000,000, or 8%. Components of the adjustment are:

1.Technomic includes only sales of food (meals, snacks, and nonalcoholic beverages) and alcoholic beverages. Adjusting for merchandise line items results in a deduction of $1,991,000,000.

2.Technomic does not include contract feeders in Eating Places as current retail trade reports does, but rather shows sales in the segments they serve. Adjusting for the inclusion of contract feeders adds $13,950,000,000, a figure higher than that provided by the Census of Retail Trade.

Adjustment of Separate Drinking Place sales is comparable to current retail trade reports:Technomic includes only sales of food (meals, snacks, and nonalcoholic beverages) and alcoholic beverages. Adjusting for merchandise line items results in a deduction of $919,000,000, or 8.3%, to $11,012,000,000.

The adjusted Separate Eating & Drinking Place sales figure increases from $160,649,000,000 to $173,527,000,000, an increase of $12,878,000,000 or 8.0%.

SOURCE: TECHNOMIC INC.

NEW RETAIL TRADE DATA

This year's Restaurant Growth Index contains retail sales statistics based on newly published benchmark data from the U.S. Census Bureau for the year 1987. We have incorporated this data into our new estimates. The fields affected are retail sales, eating & drinking place sales, eating place sales, fast-food sales, and restaurant sales.

Whenever the adjustment is made for new benchmark data, it affects the trend. Care should be taken when making comparisons between the 1988 and 1989 data.

SOURCE: MARKET STATISTICS

EATING PLACES. Includes retail sales and units of restaurants and lunch rooms, social cafeterias, fast-food sales, contract feeding, and ice cream and frozen custard stands. Excludes drinking place sales and units.

RESTAURANTS. Establishments engaged in serving prepared food and beverages in a full-menu format. Waitservice is provided and the establishment has seating for at least 15 patrons. These establishments often serve alcoholic beverages.

Establishments in which sales of alcoholic beverages for on-premise consumption exceed receipts from sales of prepared foods and nonalcoholic beverages are classified as "drinking places."

FAST FOOD. Establishments with limited menus. Included in this group are establishments that prepare refreshment items such as pizza, barbecued chicken, and hamburgers for consumption on-premise or for carry-out .

MARKET SHARE. Represents the percent of eating places from fast-food units or from restaurants. It is indicative of customer preference of these types of establishments in that area.

RESTAURANT ACTIVITY INDEX (RAI). The percent of U.S. eating place sales divided by the percent of U.S. food store sales, expressed as an index. An index greater than 100 indicates a greater than average propensity to eat out rather than at home.

RESTAURANT GROWTH INDEX (RGI). The RGI is designed to show the relationship between restaurant supply and demand as an index. When supply equals demand, the index is 100. The amount by which the RGI exceeds 100 represents the proportion of growth potential. For example, an index of 120 means that the market could support 20% growth. When the market is saturated, the index will drop below 100.

Demand is measured by six factors:

- market's share of U.S. employed women weighted by factor of 2;
- market's share of U.S. working women;
- market's share of U.S. households with effective buying income of $35,000-$50,000, weighted by a factor of 1, and market's share of households with effective buying income of $50,000 or more weighted by 2;
- market's share of U.S. eating place sales;
- market's share of U.S. hotel and motel receipts; and
- market's share of U.S. population age 14 and under, and 25 to 44.

These factors are given equal weight and added together to create the demand portion of the equation. Supply is measured by the percentage of U.S. total eating places located in the market. The RGI is created by dividing demand by supply, and multiplying the result by 100, so that the final figure will be in index form.

TELEVISION MARKETS. The TV markets are the American Research Bureau's Areas of Dominant Influence (ADIs). ARBITRON studies each county for its measurable viewing patterns. The hours of viewing attributed to each TV station are totaled, then each station's percentage share of total viewing hours is calculated. The market of origin of the TV stations with the largest share of viewing hours becomes the ADI name for that market, and all counties whose largest viewing share is given to stations of that same market of origin are grouped within the ADI.

METROPOLITAN STATISTICAL AREAS (MSAs). In the RGI, metropolitan markets are identical to the Federal government's definition of MSAs or PMSAs (Primary Metropolitan Statistical Areas), except in New England, where NECMAs (New England County Metropolitan Areas) are used.

The basic criteria for metropolitan areas are: Each metropolitan statistical area must include a city that, with contiguous and densely settled territory, constitutes a Census Bureau-defined urbanized area with a population of at least 50,000. If a metropolitan statistical area's largest city has a population of less than 50,000, the area must have a total population of at least 100,000.

Information provided by Market Statistics, *a division of Bill Communications. All data copyrighted by* Restaurant Business *and* Sales Marketing Management *magazines.*

METRO AREAS

This section of the Restaurant Growth Index describes the geographic make-up of the Metropolitan Statistical Areas as defined by the U.S. Census.

A

Abilene, TX —Taylor
Akron, OH —Portage, Summit
Albany, GA —Dougherty, Lee
Albany-Schenectady-Troy, NY —-Albany, Greene, Montgomery, Rensselaer, Saratoga, Schenectady
Albuquerque, NM —Bernalillo
Alexandria, LA —Rapides
Allentown-Bethlehem-Easton, PA -New Jersey Portion —Warren **Pennsylvania Portion** —Carbon, Lehigh, Northampton
Altoona, PA —Blair
Amarillo, TX —Potter, Randall
Anaheim-Santa Ana, CA —Orange
Anchorage, AK —Anchorage
Anderson, IN —Madison
Anderson, SC —Anderson
Ann Arbor, MI —Washtenaw
Anniston, AL —Calhoun
Appleton-Oshkosh-Neenah, WI —Calumet, Outagamie, Winnebago
Asheville, NC —Buncombe
Ashland, KY (See Huntington-Ashland)
Athens, GA —Clarke, Jackson, Madison, Oconee
Atlanta, GA —Barrow, Butts, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinett, Henry, Newton, Paulding, Rockdale, Spalding, Walton
Atlantic City, NJ —Atlantic, Cape May
Attleboro, MA (See New Bedford-Fall River-Attleboro)
Auburn, ME (See Lewiston-Auburn)
Augusta, GA —Georgia Portion —Columbia, McDuffie, Richmond **South Carolina Portion** —Aiken
Aurora-Elgin, IL —Kane, Kendall
Austin, TX —Hays, Travis, Williamson

B

Bakersfield, CA —Kern
Baltimore, MD —Anne Arundel, Baltimore, Baltimore City, Carroll, Hartford, Howard, Queen Anne's
Bangor, ME —Penobscot
Baton Rouge, LA —Ascension, East Baton Rouge, Livingston, West Baton Rouge
Battle Creek, MI —Calhoun
Bay City, MI (See Saginaw-Bay City-Midland)
Beaumont-Port Arthur, TX —Hardin, Jefferson, Orange
Beaver County, PA —Beaver
Bellingham, WA —Whatcom
Beloit, WI (See Janesville-Beloit)
Benton Harbor, MI —Berrien
Bergen-Passaic, NJ —Bergen, Passaic
Bethlehem, PA (See Allentown-Bethlehem)
Billings, MT —Yellowstone
Biloxi-Gulfport, MS —Hancock, Harrison
Binghamton, NY —Broome, Tioga
Birmingham, AL —Blount, Jefferson, St. Clair, Shelby, Walker
Bismarck, ND —Burleigh, Morton
Bloomington, IN —Monroe
Bloomington-Normal, IL —McLean
Boca Raton, FL (See West Palm Beach-Boca Raton-Delray Beach)
Boise, ID —Ada
Boston-Lawrence-Salem-Lowell-Brockton, MA —Essex, Middlesex, Norfolk, Plymouth, Suffolk
Boulder-Longmont, CO —Boulder
Bradenton, FL —Manatee
Brazoria, TX —Brazoria
Bremerton, WA —Kitsap
Bridgeport-Stamford-Norwalk-Danbury, CT —Fairfield
Bridgeton, NJ (See Vineland-Milville-Bridgeton)
Bristol, CT (See Hartford-New Britain-Middletown-Bristol)
Bristol, TN —(See Johnson City-Kingsport-Bristol)
Brockton, MA (See Boston-Lawrence-Salem-Lowell-Brockton)
Brownsville-Harlingen, TX —Cameron
Bryan-College Station, TX —Brazos
Buffalo, NY —Erie
BUFFALO-NIAGARA FALLS CONSOLIDATED AREA —Metro Areas: Buffalo, Niagara Falls, NY
Burlington, NC —Alamance
Burlington, VT —Chittenden, Grande Isle

C

Canton, OH —Carroll, Stark
Casper, WY —Natrona
Cedar Falls, IA (See Waterloo-Cedar Falls)
Cedar Rapids, IA —Linn
Champaign-Urbana-Rantoul, IL —Champaign
Charleston, SC —Berkeley, Charleston, Dorchester
Charleston, WV —Kanawha, Putnam
Charlotte-Gastonia-Rock Hill, NC-SC-North Carolina Portion-Cabarrus, Gaston, Lincoln, Mecklenburg, Rowan, Union
South Carolina Portion-York
Charlottesville, VA —Albemarle, Charlottesville, Fluvanna, Greene
Chattanooga, TN -
Georgia Portion —Catoosa, Dade, Walker
Tennessee Portion —Hamilton, Marion, Sequatchie
Cheyenne, WY —Laramie
Chicago, IL —Cooke, DuPage, McHenry
CHICAGO-GARY-LAKE COUNTY CONSOLIDATED AREA —Metro Areas: Aurora-Elgin, Chicago, IL; Gary-Hammond, IN; Joliet, IL; Kenosha, WI; Lake County, IL
Chico, CA —Butte
Cincinnati, OH-
Indiana Portion-Dearborn
Kentucky Portion-Boone, Campbell, Kenton
Ohio Portion-Clermont, Hamilton, Warren
CINCINNATI-HAMILTON CONSOLIDATED AREA- Metro Areas: Cincinnati, Hamilton-Middletown, OH
Clarksville-Hopkinsville, TN-KY-
Kentucky Portion-Christian
Tennessee Portion-Montgomery
Clearwater, FL (See Tampa-St. Petersburg-Clearwater)
Cleveland, OH–Cuyahoga, Geauga Lake, Medina
CLEVELAND-AKRON-LORAIN CONSOLIDATED AREA-Metro Areas: Akron, Cleveland, Lorain-Elyria, OH
College Station, TX (See Bryan-College Station
Colorado Springs, CO —El Paso
Columbia, MO —Boone
Columbia, SC —Lexington, Richland
Columbus, GA -
Alabama Portion-Russell
Georgia Portion-Chattahoochee, Muscogee
Columbus, OH —Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, Union
Corpus Christi, TX —Nueces, San Patricio
Cumberland, MD —
Maryland Portion-Allegany
West Virginia Portion-Mineral

D

Dallas, TX —Collin, Dallas, Denton, Ellis, Kaufman, Rockwall
DALLAS-FORT WORTH CONSOLIDATED AREA-Metro Areas: Dallas, Fort Worth-Arlington,TX
Danbury, CT (See Bridgeport-Stamford-Norwalk-Danbury)
Danville, VA —Danville, Pittsylvania
Davenport-Rock Island-Moline, IL-IA-
Illinois Portion-McHenry, Rock Island
Iowa Portion-Scott
Dayton-Springfield, OH —Clarke, Greene, Miami, Montgomery
Daytona Beach, FL —Volusia
Decatur, AL —Morgan
Decatur, IL —Macon
Delray Beach, FL (See West Palm Beach-Boca Raton-Delray Beach)
Denison, TX —(See Sherman-Denison)
Denver, CO —Adams, Arapahoe, Denver, Douglas, Jefferson
DENVER-BOULDER CONSOLIDATED AREA-Metro Areas: Boulder-Longmont, Denver,CO

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Des Moines, IA —Dallas, Polk, Warren
Detroit, MI —Lapeer, Livingston, Macomb, Monroe, Oakland, St. Clair, Wayne
DETROIT-ANN ARBOR CONSOLIDATED AREA-Metro Area: Ann Arbor, Detroit, MI
Dothan, AL —Dale, Houston
Dubuque, IA —Dubuque
Duluth, MN -
Minnesota Portion-St. Louis
Wisconsin Portion-Douglas
Durham, NC (See Raleigh-Durham)

E

East Lansing, MI (See Lansing-East Lansing)
Eau Claire, WI —Chippewa, Eau Claire
Edinburg, TX (See McAllen-Edinburg-Mission)
El Paso, TX —El Paso
Elgin, IL (See Aurora-Elgin)
Elkhart-Goshen, IN —Elkhart
Elmira, NY —Chemung
Elyria, OH (See Lorain-Elyria)
Enid, OK —Garfield
Erie, PA —Erie
Eugene-Springfield, OR —Lane
Evansville, IN -
Indiana Portion-Posey, Vanderburgh, Warrick
Kentucky Portion-Henderson

F

Fairfield, CA (See Vallejo-Fairfield-Napa)
Fall River, MA (See New Bedford-Fall River-Attleboro)
Fargo-Moorhead, ND-MN -
Minnesota Portion-Clay
North Dakota Portion-Cass
Fayetteville, NC —Cumberland
Fayetteville-Springdale, AR - **Washington**
Fitchburg, MA (See Worcester-Fitchburg-Leominster)
Flint, MI —Genesee
Florence, AL —Colbert, Lauderdale
Florence, SC —Florence
Fort Collins-Loveland, CO —Larimer
Fort Lauderdale-Hollywood-Pompano Beach, FL —Broward
Fort Myers-Cape Coral, FL —Lee
Fort Pierce, FL —Martin, St. Lucie
Fort Smith, AR-
Arkansas Portion-Crawford, Sebastian
Oklahoma Portion-Sequoyah
Fort Walton Beach, FL —Okaloosa
Fort Wayne, IN —Allen, DeKalb, Whitley
Fort Worth-Arlington, TX —Johnson, Parker, Tarrant
Fresno, CA —Fresno

G

Gadsden, AL —Etowah
Gainesville, FL —Alachua, Bradford
Galveston-Texas City, TX —Galveston
Gary-Hammond, IN —Lake, Porter
Gastonia, NC (See Charlotte-Gastonia-Rock Hill)
Glen Falls, NY —Warren, Washington
Goshen, IN (See Elkhart-Goshen)
Grand Forks, ND —Grand Forks
Grand Rapids, MI —Kent, Ottawa
Great Falls, MT —Cascade
Greeley, CO —Weld
Green Bay, WI —Brown
Greensboro-Winston-Salem-High Point, NC —Davidson, Davie, Forsyth, Guilford, Randolph, Stokes, Yadkin
Greenville-Spartanburg, SC —Greenville, Pickens, Spartanburg
Gulfport, MS (See Biloxi-Gulfport)

H

Hagerstown, MD —Washington
Hamilton-Middletown, OH —Butler
Hammond, IN (See Gary-Hammond
Harlingen, TX (See Brownsville-Harlingen)
Harrisburg-Lebanon-Carlisle, PA —Cumberland, Dauphin, Lebanon, Perry
Hartford-New Britain-Middletown-Bristol, CT —Hartford, Middlesex, Tolland
Hickory, NC —Alexander, Burke, Catawba
High Point, NC (See Greensboro-Winston-Salem-High Point)
Hollywood, FL (See Fort Lauderdale-Hollywood-Pompano Beach)
Honolulu, HI —Honolulu
Hopkinsville, TN —(See Clarksville-Hopkinsville)
Houma-Thibodaux, LA —Lafourche, Terrelbonne
Houston, TX —Fort Bend, Harris, Liberty, Montgomery, Waller
HOUSTON-GALVESTON-BRAZORIA CONSOLIDATED AREA —Metro Areas: Brazoria, Galveston-Texas City, Houston, TX
Huntington-Ashland, WV-KY -
Kentucky Portion-Boyd, Carter, Greenup
Ohio Portion-Lawrence
West Virginia Portion-Cabell, Wayne
Huntsville, AL-Madison

I—J

Indianapolis, IN —Boone, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Shelby
Iowa City, IA —Johnson
Jackson, MI —Jackson
Jackson, MS —Hinds, Madison, Rankin
Jackson, TN —Madison
Jacksonville, NC —Onslow
Jamestown-Dunkirk, NY —Chautauqua
Janesville-Beloit, WI —Rock
Jersey City, NJ —Hudson
Johnson City-Kingsport-Bristol, TN-VA -
Tennessee Portion-Carter, Hawkins, Sullivan, Unicol, Washington
Virginia Portion-Bristol, Scott, Washington
Johnstown, PA —Cambria, Somerset
Joliet, IL —Grundy, Will
Joplin, MO —Jasper, Newton

K

Kalamazoo, MI —Kalamazoo
Kankakee, IL —Kankakee
Kansas City, MO-KS -
Kansas Portion-Johnson, Leavenworth, Miami, Wyandotte
Missouri Portion-Cass, Clay, Jackson, Lafayette, Platte, Ray
Kennewick, WA (See Richland-Kennewick-Pasco)
Kenosha, WI —Kenosha
Killeen-Temple, TX —Bell, Coryell
Kingsport, TN (See Johnson City-Kingsport-Bristol)
Knoxville, TN —Anderson, Blount, Grainger, Jefferson, Knox, Sevier, Union
Kokomo, IN —Howard, Tipton

L

La Crosse, WI —La Crosse
Lafayette, LA —Lafayette, St. Martin
Lafayette-West Lafayette, IN —Tippecanoe
Lake Charles, LA —Calcasieu
Lake County, IL —Lake
Lakeland-Winter Have, FL —Polk
Lancaster, PA —Lancaster
Lansing-East Lansing, MI —Clinton, Eaton, Ingham
Laredo, TX —Webb
Las Cruces, NM —Dona Ana
Las Vegas, NV —Clark
Lawrence, KS —Douglas
Lawrence, MA)See Boston-Lawrence-Salem-Lowell-Brockton)
Lawton, OK —Comanche
Leominster, MA (See Worcester-Fitchburg-Leominster)
Lewiston-Auburn, ME —Androscoggin
Lexington-Fayette, KY —Bourbon, Clark, Fayette, Jessamine, Scott, Woodford
Lima, OH —Allen, Auglaize
Lincoln, NE —Lancaster
Little Rock-North Little Rock, AR —Faulkner, Lonoke, Pulaski, Saline
Lompoc, CA (See Santa Barbara-Santa Maria-Lompoc)
Long Beach, CA (See Los Angeles-Long Beach)
Longmont, CO (See Boulder-Longmont)
Longview-Marshall, TX —Gregg, Harrison
Lorain-Elyria, OH —Lorain
Los Angeles-Long Beach, CA —Los Angeles

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LOS ANGELES-ANAHEIM-RIVERSIDE CONSOLIDATED AREA -Metro Areas: Anaheim-Santa Ana, Los Angeles-Long Beach, Oxnard-Ventura, Riverside-San Bernardino, CA
Louisville, KY-Indiana Portion-Clark, Floyd, Harrison
Kentucky Portion-Bullitt, Jefferson, Oldham, Shelby
Loveland, CO (See Fort Collins-Loveland)
Lowell, MA (See Boston-Lawrence-Salem-Lowell-Brockton)
Lubbock, TX —Lubbock
Lynchburg, VA —Amherst, Campbell, Lynchburg

M

Macon-Warner Robins, GA —Bibb, Houston, Jones, Peach
Madison, WI —Dane
Manchester-Nashua, NH —Hillsborough
Mansfield, OH -Richland
Marietta, OH (See Parkersburg-Marietta)
Marshall, TX (See Longview-Marshall)
McAllen-Edinburg-Mission—Hidalgo
Medford, OR —Jackson
Melbourne-Titusville-Palm Bay, FL —Brevard
Memphis, TN-
Arkansas Portion-Crittenden
Mississippi Portion-DeSota
Tennessee Portion-Shelby, Tipton
Merced, CA —Merced
Meriden, CT (See New Haven-Waterbury-Meriden
Miami-Hialeah, FL —Dade
MIAMI-FORT LAUDERDALE CONSOLIDATED AREA- Metro Areas: Fort Lauderdale-Hollywood-Pompano Beach, Miami-Hialeah, FL
Middlesex-Somerset-Hunterdon, NJ —Hunterdon, Middlesex, Somerset
Middletown, CT (See Hartford-New Britain-Middletown-Bristol)
Middletown, OH (See Hamilton-Middletown)
Midland, MI (See Saginaw-Bay City-Midland)
Midland, TX —Midland
Millville, NJ (See Vineland-Millville-Bridgeton)
Milwaukee, WI-Milwaukee, Ozaukee, Washington, Waukesha
MILWAUKEE-RACINE CONSOLIDATED AREA -Metro Areas: Milwaukee, Racine, WI
Minneapolis-St. Paul, MN —
Minnesota Portion-Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Washington, Wright
Wisconsin Portion-St.Croix
Mishawaka, IN (See South Bend- Mishawaka)
Mission, TX —(See McAllen-Edinburg-Mission)
Mobile, AL —Baldwin, Mobile
Modesto, CA —Stanislaus
Moline, IL (See Davenport-Rock Island-Moline)
Monmouth-Ocean, NJ —Monmouth,Ocean
Monroe, LA —Ouachita
Monterey, CA (See Salinas-Seaside-Monterey)
Montgomery, AL —Autauga, Elmore, Montgomery
Moorehead, MN (See Fargo-Moorehead)
Muncie, IN —Delaware
Muskegon, MI —Muskegon

N

Napa, Ca (See Vallejo-Fairfield-Napa)
Naples, FL —Collier
Nashua, NH (See Manchester-Nashua)
Nashville, TN —Cheatham, Davidson, Dickson, Robertson, Rutherford, Sumner, Williamson, Wilson
Nassau-Suffolk, NY —Nassau, Suffolk
Neenah, WI (See Appleton-Oshkosh-Neenah)
New Bedford-Fall River-Attleboro, MA —Bristol
New Britain, CT (See Hartford-New Britain-Middletown, Bristol)
New Haven-Waterbury-Meriden, CT —New Haven
New London-Norwich, CT —New London
New Orleans, LA —Jefferson, Orleans, St. Bernard, St. Charles, St. John the Baptist, St. Tammany
New York, NY —Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, Westchester
NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND CONSOLIDATED AREA - Metro Areas: Bergen-Passaic, NJ; Bridgeport-Stamford-Norwalk-Danbury, CT; Jersey City, Middlesex-Somerset-Hunterdon, Monmouth-Ocean, NJ; Nassau-Suffolk, New York, NY; Newark, NJ; Orange County, NY
Newark, NJ —Essex, Morris, Sussex, Union
Newport News, VA (See Norfolk-Virginia Beach-Newport News)
Niagara Falls, NY —Niagara
Norfolk-Virginia Beach-Newport News, VA- Chesapeake, Gloucester, Hampton, James City, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg, York
Normal, IL (See Bloomington-Normal)
North Little Rock, AR (See Little Rock-North Little Rock)
Norwalk, CT (See Bridgeport-Stamford-Norwalk-Danbury)
Norwich, CT (See New London-Norwich)

O

Oakland, CA —Alameda, Contra Costa
Ocala, FL —Marion
Odessa, TX —Ector
Ogden, UT (See Salt Lake City-Ogden)
Oklahoma City, OK —Canadian, Cleveland, Logan, McClain, Oklahoma, Pottawattomie
Olympia, WA —Thurston
Omaha, NE -Iowa Portion- Pottawatamie
Nebraska Portion-Douglas, Sarpy, Washington
Orange County, NY —Orange
Orem, UT (See Provo-Orem)
Orlando, FL —Orange, Osceola, Seminole
Oshkosh, WI (See Appleton-Oshkosh-Neenah)
Owensboro, KY —Daviess
Oxnard-Ventura, CA —Ventura

P

Palm Bay, FL (See Melbourne-Titusville-Palm Bay)
Panama City, FL —Bay
Parkersburg-Marietta, WV-OH
OH Portion-Washington
West Virginia Portion-Wood
Pascagoula, MS —Jackson
Pasco, WA (See Richland-Kennewick-Pasco)
Passaic, NJ —(See Bergen-Passaic)
Pawtucket, RI (See Providence-Pawtucket-Woonsocket)
Pensacola, FL —Escambia, Santa Rosa
Peoria, IL —Peoria, Tazewell, Woodford
Petersburg, VA (See Richmond-Petersburg)
Philadelphia, PA—
New Jersey Portion-Burlington, Camden, Gloucester
Pennsylvania Portion-Bucks, Chester, Delaware, Montgomery, Philadelphia
PHILADELPHIA-WILMINGTON-TRENTON CONSOLIDATED AREA- Metro Areas: Philadelphia, PA; Trenton, Vineland-Millville-Bridgeton, NJ; Wilmington, DE
Phoenix, AZ —Maricopa
Pine Bluff, AR —Jefferson
Pittsburgh, PA —Allegheny, Fayette, Washington, Westmoreland
PITTSBURGH-BEAVER VALLEY CONSOLIDATED AREA - Metro Areas: Beaver County, Pittsburgh, PA
Pittsfield, MA —Berkshire
Pompano Beach, FL (See Fort Lauderdale-Hollywood-Pompano Beach)
Port Arthur, TX (See Beaumont-Port Arthur)
Portland, ME —Cumberland
Portland, OR —Clackamas, Multnomah, Washington, Yamhill
PORTLAND-VANCOUVER CONSOLIDATED AREA- Metro Areas: Portland, OR; Vancouver, WA
Portsmouth-Dover-Rochester, NH —Rockingham, Strafford
Poughkeepsie, NY —Dutchess
Providence-Pawtucket-Woonsocket, RI —Bristol, Kent, Providence, Washington
Provo-Orem, UT —Utah

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Pueblo, CO —Pueblo

R

Racine, WI —Racine
Raleigh-Durham, NC —Durham, Franklin, Orange, Wake
Rantoul, IL (See Champaign-Urbana-Rantoul)
Rapid City, SD —Pennington
Reading, PA —Berks
Redding, CA —Shasta
Reno, NC —Wahoe
Richland-Kennewick-Pasco, WA —Benton, Franklin
Richmond-Petersburg, VA —Charles City, Chesterfield, Colonial Heights City, Dinwiddie, Goochland, Hanover, Henrico, Hopewell City, New Kent, Petersburg City, Pawhattan, Prince George, Richmond City
Riverside-San Bernardino, CA —Riverside, San Bernardino
Roanoke, VA —Botetourt, Roanoke, Roanoke City, Salem City
Rochester, MN —Olmsted
Rochester, NY —Livingston, Monroe, Ontario, Orleans, Wayne
Rockford, IL-Boone, Winnebago
Rock Hill, SC (See Charlotte-Gastonia-Rock Hill)
Rock Island, IL (See Davenport-Rock Island-Moline)
Rome, NY (See Utica-Rome)

S

Sacramento, CA —El Dorado, Placer, Sacramento, Yolo
Saginaw-Bay City-Midland, MI —Bay, Midland, Saginaw
St. Cloud, MN —Benton, Sherburne, Stearns
St. Joseph, MO —Buchanan
St. Louis, MO-IL -
Illinois Portion-Clinton, Jersey, Madison, Monroe, St. Clair
Missouri Portion-Franklin, Jefferson, St. Charles, St. Louis, St Louis City
St. Paul, MN (See Minneapolis-St. Paul)
St. Petersburg, FL (See Tampa-St. Petersburg-Clearwater)
Salem, MA (See Boston-Lawrence-Salem-Lowell-Brockton)
Salem, OR —Marion, Polk
Salinas-Seaside-Monterey, CA —Monterey
Salt Lake City-Ogden, UT —David, Salt Lake, Weber
San Angelo, TX —Tom Green
San Antonio, TX —Bexar, Comal, Guadalupe
San Bernardino, CA (See Riverside-San Bernardino)
San Diego, CA —San Diego
San Francisco, CA —Marin, San Francisco, San Mateo
SAN FRANCISCO-OAKLAND-SAN JOSE CONSOLIDATED AREA -
Metro Areas: Oakland, San Francisco, San Jose, Santa Cruz, Santa Rosa-Petaluma, Vallejo-Fairfield-Napa, CA
San Jose, CA —Santa Clara
Santa Ana, CA (See Anaheim-Santa Ana)
Santa Barbara-Santa Maria-Lompoc, CA —Santa Barbara
Santa Cruz, CA —Santa Cruz
Santa Fe, NM —Los Alamos, Santa Fe
Santa Maria, CA (See Santa Barbara-Santa Maria-Lompoc)
Santa Rosa-Petaluma, CA —Sonoma
Sarasota, FL —Sarasota
Savannah, GA —Chatham, Ellingham
Schenectady, NY (See Albany-Schenectady-Troy)
Scranton-Wilkes-Barre, PA —Columbia, Lackawanna, Luzerne, Monroe, Wyoming
Seaside, CA (See Salinas-Seaside-Monterey)
Seattle, WA —King, Snohomish
SEATTLE-TACOMA CONSOLIDATED AREA -
Metro Areas: Seattle, Tacoma, WA
Sharon, PA —Mercer
Sheboygan, WI —Sheboygan
Sherman-Denison, TX -Grayson
Shreveport, LA —Bossier, Caddo
Sioux City, IA -
Iowa Portion-Woodbury
Nebraska Portion-Dakota
Sioux Falls, SD-Minnehaha
South Bend-Mishawaka, IN —St. Joseph
Spartanburg, SC (See Greenville-Spartanburg)
Spokane, WA —Spokane
Springdale, AR (See Fayetteville-Springdale)
Springfield, IL —Menard, Sangamon
Springfield, MA —Hampden, Hampshire
Springfield, OH (See Dayton-Springfield)
Springfield, OR (See Eugene-Springfield)
Stamford, CT (See Bridgeport-Stamford-Norwalk-Danbury)
State College, PA —Centre
Steubenville-Weirton, OH-WV
Ohio Portion-Jefferson
West Virginia Portion-Brooke, Hancock
Stockton, CA —San Joaquin
Syracuse, NY —Madison, Onondaga, Oswego

T

Tacoma, WA —Pierce
Tallahassee, FL —Gadsden, Leon
Tampa-St. Petersburg-Clearwater, FL —Hernando, Hillsborough, Pasco, Pinellas
Temple, TX (See Killeen-Temple)
Terre Haute, IN —Clay, Vigo
Texarkana, TX-AR -
Arkansas Portion-Miller
Texas Portion-Bowie
Texas City, TX (See Galveston-Texas City)
Titusville, FL (See Melbourne-Titusville-Palm Bay)
Toledo, OH -Fulton, Lucas, Wood
Topeka, KS —Shawnee
Trenton, NJ —Mercer
Troy, NY —(See Albany-Schenectady-Troy)
Tucson, AZ —Pima
Tulsa, OK —Creek, Osage, Rogers, Tulsa, Wagoner
Tuscaloosa, AL —Tuscaloosa
Tyler, TX —Smith

U—V

Urbana, IL (See Champaign-Urbana-Rantoul)
Utica-Rome, NY-Herkimer, Oneida
Vallejo-Fairfield-Napa, CA —Napa, Solano
Vancouver, WA —Clark
Ventura, CA (See Oxnard-Ventura)
Victoria, TX —Victoria
Vineland-Millville-Bridgeton, NJ —Cumberland
Virginia Beach, VA (See Norfolk-Virginia Beach-Newport News)
Visalia-Tulare-Porterville, CA —Tulare

W—Y

Waco, TX —McLennan
Warren, OH (See Youngstown-Warren)
Washington, DC —District of Columbia Portion-
District of Columbia.
Maryland Portion-Calvert, Charles, Frederick, Montgomery, Prince George's
Virginia Portion-
Alexandria City, Arlington, Fairfax, Fairfax City, Falls Church City, Loudoun, Manassas City, Manassas Park City, Prince William, Stafford
Waterbury, CT (See New Haven-Waterbury-Meriden)
Waterloo-Cedar Falls, IA —Black Hawk, Bremer
Wausau, WI —Marathon
Weirton, OH (See Steubenville-Weirton)
West Palm Beach-Boca Raton-Delray Beach, FL —Palm Beach
Wheeling, WV -
Ohio Portion-Belmont
West Virginia Portion-Marshall
Wichita, KS —Butler Sedgwick
Wichita Falls, TX —Wichita
Wilkes-Barre, PA (See Scranton-Wilkes-Barre)
Williamsport, PA —Lycoming
Wilmington, DE -
Delaware Portion-New Castle
Maryland Portion-Cecil
New Jersey Portion-Salem
Wilmington, NC —New Hanover
Winston-Salem, NC (See Greensboro-Winston-Salem-High Point)
Winter haven, FL (See Lakeland-Winter Haven)
Woonsocket, RI (See Providence-Pawtucket-Woonsocket)
Worcester-Fitchburg-Leominster, MA —Worcester
Yakima, WA —Yakima
York, PA —Adams, York
Youngstown-Warren, OH —Mahoning, Trumbull
Yuba City, CA —Sutter, Yuba
Yuma, AZ

23RD ANNUAL RGI
REGIONAL
SUMMARY

	12/31/89			1989									
						Eating Place		Fast Food		Restaurant			
REGION State	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Connecticut	3,282.1	1.3136	2.70	17,708	2,648,930	2,505,948	4,758	768,350	31	1,394,795	56	96	110
Maine	1,222.7	.4894	2.64	12,459	889,079	856,138	1,986	308,186	36	489,076	57	83	78
Massachusetts	5,927.5	2.3726	2.65	16,430	5,880,633	5,486,791	8,940	1,543,778	28	3,228,537	59	119	108
New Hampshire	1,106.4	.4428	2.66	15,803	962,601	944,677	1,771	286,506	30	578,302	61	87	98
Rhode Island	1,004.3	.4020	2.71	13,855	822,692	749,611	1,542	249,090	33	428,836	57	109	86
Vermont	562.2	.2250	2.61	12,329	473,775	439,159	966	119,006	27	279,628	64	91	83
NEW ENGLAND	**13,105.2**	**5.2454**	**2.66**	**15,953**	**11,677,710**	**10,982,324**	**19,963**	**3,274,918**	**30**	**6,399,174**	**58**	**104**	**102**
New Jersey	7,789.8	3.1179	2.70	17,764	5,450,502	4,902,044	9,832	1,506,569	31	2,625,973	54	82	141
New York	18,078.2	7.2359	2.64	14,913	13,075,505	12,224,871	24,418	3,321,104	27	6,671,577	55	102	103
Pennsylvania	12,090.0	4.8390	2.62	13,012	7,513,016	6,855,337	14,825	2,455,663	36	3,527,042	51	86	97
MIDDLE ATLANTIC	**37,958.0**	**15.1928**	**2.65**	**14,893**	**26,039,023**	**23,982,252**	**49,075**	**7,283,336**	**30**	**12,824,592**	**53**	**93**	**109**
Illinois	11,696.9	4.6817	2.68	13,981	7,914,662	7,320,040	14,811	2,892,045	40	3,545,382	48	109	104
Indiana	5,617.9	2.2486	2.71	11,471	3,535,586	3,304,511	7,363	1,726,105	52	1,259,556	38	110	87
Michigan	9,345.3	3.7405	2.72	12,815	6,053,528	5,536,173	11,474	2,285,180	41	2,713,786	49	105	96
Ohio	10,934.8	4.3767	2.63	12,367	6,649,430	6,138,093	14,022	2,860,862	47	2,693,985	44	94	90
Wisconsin	4,891.1	1.9577	2.63	12,776	3,237,239	2,790,925	6,805	1,035,127	37	1,549,300	56	93	87
EAST NORTH CENTRAL	**42,486.0**	**17.0052**	**2.67**	**12,838**	**27,390,445**	**25,089,742**	**54,475**	**10,799,319**	**43**	**11,762,009**	**47**	**102**	**94**
Iowa	2,857.8	1.1439	2.56	11,457	1,529,839	1,371,135	4,019	601,945	44	656,091	48	74	74
Kansas	2,518.0	1.0078	2.62	12,866	1,500,640	1,434,856	3,676	730,343	51	537,974	37	97	80
Minnesota	4,360.1	1.7451	2.67	13,163	3,001,377	2,730,654	5,554	1,002,144	37	1,451,654	53	102	104
Missouri	5,222.7	2.0904	2.68	12,381	3,334,040	3,160,630	6,970	1,529,476	48	1,245,999	39	107	93
Nebraska	1,606.8	.6431	2.62	11,992	1,011,755	887,466	2,325	399,085	45	416,170	47	96	80
North Dakota	680.8	.2725	2.73	10,595	407,719	338,387	944	167,129	49	162,303	48	91	74
South Dakota	724.0	.2897	2.66	10,251	382,462	332,158	1,113	126,979	38	186,569	56	81	64
WEST NORTH CENTRAL	**17,970.2**	**7.1925**	**2.64**	**12,304**	**11,167,832**	**10,255,286**	**24,601**	**4,557,101**	**44**	**4,656,760**	**45**	**96**	**87**
Delaware	672.0	.2690	2.75	13,586	500,439	471,685	904	195,694	41	224,644	48	98	103
District of Columbia	620.1	.2482	2.44	16,409	952,011	898,048	1,198	217,175	24	479,559	53	293	149
Florida	12,898.1	5.1625	2.47	13,349	10,010,041	9,445,640	17,370	3,405,851	36	5,154,885	55	103	104
Georgia	6,526.6	2.6124	2.75	12,054	4,420,665	4,224,658	8,119	2,151,266	51	1,591,694	38	108	106
Maryland	4,717.6	1.8882	2.74	15,920	3,408,832	3,195,483	5,615	1,303,258	41	1,442,740	45	100	126
North Carolina	6,603.8	2.6432	2.65	11,435	4,130,846	4,054,390	8,687	2,085,688	51	1,523,198	38	99	90
South Carolina	3,526.1	1.4114	2.75	10,274	2,163,379	2,100,311	4,256	1,024,256	49	845,337	40	96	95
Virginia	6,104.4	2.4434	2.78	14,329	4,246,265	4,194,110	7,632	1,825,246	44	1,871,325	45	97	117
West Virginia	1,896.6	.7591	2.60	9,283	879,329	844,942	2,088	518,499	61	258,115	31	77	76
SOUTH ATLANTIC	**43,565.3**	**17.4374**	**2.64**	**12,902**	**30,711,807**	**29,429,267**	**55,869**	**12,726,933**	**43**	**13,391,497**	**46**	**102**	**105**
Alabama	4,185.7	1.6754	2.68	10,063	2,117,800	2,057,412	4,233	1,246,921	61	618,711	30	91	96
Kentucky	3,766.2	1.5075	2.72	10,281	2,136,783	2,057,699	4,016	1,163,257	57	722,898	35	95	94
Mississippi	2,657.1	1.0635	2.82	9,017	1,015,401	993,224	2,570	598,236	60	295,574	30	71	92
Tennessee	4,967.2	1.9882	2.64	11,273	2,723,543	2,666,588	5,871	1,385,908	52	1,046,532	39	102	100
EAST SOUTH CENTRAL	**15,576.2**	**6.2346**	**2.70**	**10,323**	**7,993,527**	**7,774,923**	**16,690**	**4,394,322**	**57**	**2,683,715**	**35**	**92**	**97**
Arkansas	2,436.6	.9752	2.70	9,882	1,125,601	1,104,721	2,854	615,246	56	386,280	35	75	80
Louisiana	4,425.0	1.7711	2.81	9,847	2,493,869	2,364,078	4,502	1,118,001	47	900,455	38	75	99
Oklahoma	3,286.9	1.3156	2.61	9,817	1,955,256	1,897,252	4,713	931,683	49	664,528	35	88	65
Texas	16,983.7	6.7978	2.77	11,686	11,379,217	10,692,474	21,625	4,856,689	45	4,273,035	40	90	93
WEST SOUTH CENTRAL	**27,132.2**	**10.8597**	**2.75**	**10,998**	**16,953,943**	**16,058,525**	**33,694**	**7,521,619**	**47**	**6,224,298**	**39**	**86**	**89**
Arizona	3,638.8	1.4565	2.59	11,897	2,370,258	2,199,239	4,673	892,075	41	1,070,718	49	86	98
Colorado	3,372.5	1.3499	2.57	12,914	2,542,664	2,353,242	5,436	840,378	36	1,225,176	52	107	85
Idaho	1,021.2	.4088	2.82	10,454	503,103	455,973	1,378	206,592	45	219,779	48	78	78
Montana	814.3	.3260	2.56	10,348	515,498	412,373	1,459	158,515	38	227,582	55	76	60
Nevada	1,099.5	.4401	2.42	13,968	841,300	730,281	1,453	305,395	42	323,240	44	93	363
New Mexico	1,542.2	.6173	2.77	9,934	966,980	901,596	2,165	408,874	45	407,134	45	109	76
Utah	1,719.9	.6884	3.19	9,569	859,132	832,612	1,985	416,513	50	334,264	40	88	93
Wyoming	481.9	.1929	2.61	10,383	304,956	268,433	775	106,731	40	151,955	57	98	78
MOUNTAIN	**13,690.3**	**5.4799**	**2.67**	**11,547**	**8,903,891**	**8,153,749**	**19,324**	**3,335,073**	**41**	**3,959,848**	**49**	**93**	**106**
Alaska	538.3	.2154	2.87	15,009	580,893	496,374	795	174,397	35	212,657	43	101	108
California	29,227.5	11.6985	2.73	15,225	24,718,183	23,411,018	40,245	8,846,936	38	12,386,505	53	118	106
Hawaii	1,121.0	.4486	3.10	13,800	1,691,078	1,597,116	1,868	531,195	33	833,566	52	185	144
Oregon	2,786.5	1.1154	2.56	11,873	2,141,884	1,965,502	4,514	764,594	39	1,038,284	53	109	74
Washington	4,683.6	1.8746	2.54	14,003	3,732,260	3,469,386	6,628	1,256,610	36	1,942,327	56	99	96
PACIFIC	**38,356.9**	**15.3525**	**2.70**	**14,788**	**32,864,298**	**30,939,396**	**54,050**	**11,573,732**	**37**	**16,413,339**	**53**	**117**	**103**
United States Total	**249,840.3**	**100.0000**	**2.67**	**13,158**	**173,702,476**	**162,665,464**	**327,741**	**65,466,353**	**40**	**78,315,232**	**48**	**100**	**100**

23RD ANNUAL RGI
1989
METRO REPORT

This section of the Restaurant Growth Index provides sales, unit counts, market share, and RAI and RGI indices for the 320 Metropolitan Statistical Areas.

	12/31/89			1989									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
ALABAMA													
Anniston	125.3	.0501	2.75	9,411	63,575	61,274	112	37,165	61	18,224	30	127	102
Birmingham	938.1	.3756	2.60	10,995	550,403	537,632	1,034	295,229	55	176,860	33	100	99
Decatur	104.2	.0417	2.68	10,039	67,456	65,268	126	45,639	70	15,756	24	115	83
Dothan	134.4	.0538	2.73	9,713	95,277	92,312	167	55,994	61	27,455	30	121	83
Florence	139.7	.0559	2.60	10,138	62,104	60,554	165	36,729	61	18,009	30	73	77
Gadsden	104.3	.0417	2.60	9,245	51,282	50,051	105	30,359	61	14,886	30	89	86
Huntsville	247.1	.0989	2.61	14,231	188,333	180,490	287	109,478	61	53,683	30	114	130
Mobile	490.9	.1965	2.71	10,816	285,010	269,615	565	144,417	54	99,035	37	93	90
Montgomery	308.3	.1234	2.73	10,841	183,276	178,237	298	108,112	61	53,012	30	113	118
Tuscaloosa	148.0	.0592	2.69	9,471	89,525	86,507	172	52,472	61	25,728	30	114	88
Non-Metro Portion of State	1,394.7	.5583	2.73	8,527	463,676	458,122	1,160	321,010	70	110,746	24	65	90
State Total	**4,185.7**	**1.6754**	**2.68**	**10,063**	**2,117,800**	**2,057,412**	**4,233**	**1,246,921**	**61**	**618,711**	**30**	**91**	**96**
ALASKA													
Anchorage	220.2	.0882	2.66	16,444	355,970	325,492	367	103,833	32	128,289	39	172	119
Non-Metro Portion of State	318.1	.1272	3.04	14,016	224,923	170,882	428	70,564	41	84,368	49	56	99
State Total	**538.3**	**.2154**	**2.87**	**15,009**	**580,893**	**496,374**	**795**	**174,397**	**35**	**212,657**	**43**	**101**	**108**
ARIZONA													
Phoenix	2,108.6	.8439	2.53	13,475	1,582,953	1,474,892	2,750	592,800	40	701,781	48	91	111
Tucson	663.1	.2654	2.50	11,209	394,333	363,241	841	156,048	43	173,439	48	90	87
Yuma	97.0	.0389	2.79	8,581	49,707	45,444	108	18,025	40	24,599	54	76	77
Non-Metro Portion of State	770.1	.3083	2.85	8,584	343,265	315,662	974	125,202	40	170,899	54	65	73
State Total	**3,638.8**	**1.4565**	**2.59**	**11,897**	**2,370,258**	**2,199,239**	**4,673**	**892,075**	**41**	**1,070,718**	**49**	**86**	**98**
ARKANSAS													
Fayetteville - Springdale	112.7	.0451	2.64	10,871	70,998	69,116	155	37,456	54	23,762	34	83	82
Fort Smith	186.1	.0744	2.66	10,012	119,914	118,474	261	63,749	54	40,444	34	91	71
Little Rock - North Little Rock	519.2	.2079	2.70	12,090	345,376	338,516	659	171,600	51	124,822	37	101	100
Pine Bluff	90.6	.0363	2.89	9,106	39,626	38,224	101	20,713	54	13,141	34	72	83
Texarkana	122.0	.0488	2.69	9,932	65,848	65,403	145	30,088	46	25,617	39	87	76
Non-Metro Portion of State	1,474.2	.5900	2.68	9,025	517,331	508,709	1,612	296,664	58	170,181	33	61	73
State Total	**2,436.6**	**.9752**	**2.70**	**9,882**	**1,125,601**	**1,104,721**	**2,854**	**615,246**	**56**	**386,280**	**35**	**75**	**80**
CALIFORNIA													
Anaheim - Santa Ana	2,314.0	.9262	2.81	16,959	2,696,075	2,553,789	3,604	967,488	38	1,333,568	52	136	113
Bakersfield	534.9	.2141	2.83	12,445	288,338	270,748	626	140,286	52	118,478	44	72	93
Chico	181.4	.0726	2.49	10,976	117,223	107,837	239	41,018	38	56,910	53	96	68
Fresno	630.6	.2524	2.80	12,793	385,154	362,268	797	171,691	47	166,355	46	81	88
Los Angeles - Long Beach	8,813.6	3.5277	2.75	15,336	7,685,516	7,318,132	11,338	2,634,982	36	3,873,311	53	139	115
Merced	179.5	.0718	3.08	9,706	78,611	74,458	170	28,322	38	39,294	53	91	90
Modesto	355.6	.1423	2.84	11,539	211,670	202,475	408	77,019	38	106,856	53	88	85
Oakland	2,049.4	.8203	2.58	17,214	1,666,043	1,587,039	2,845	616,164	39	819,404	52	102	109
Oxnard - Ventura	673.2	.2694	3.02	15,518	496,218	478,559	802	201,810	42	244,933	51	97	113
Redding	144.4	.0578	2.66	10,972	92,617	85,220	218	32,415	38	44,973	53	82	71
Riverside - San Bernardino	2,434.1	.9743	2.80	13,083	1,619,391	1,553,037	2,578	746,652	48	716,284	46	94	102
Sacramento	1,444.9	.5783	2.57	14,689	1,175,238	1,103,677	2,145	477,347	43	550,548	50	116	92
Salinas - Seaside - Monterey	355.0	.1421	3.05	13,622	301,860	284,953	521	94,335	33	183,062	64	157	106
San Diego	2,486.5	.9952	2.74	15,391	2,175,907	2,057,474	3,152	795,942	39	1,092,607	53	121	115

STATE Metro Name	12/31/89			1989									
	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
San Francisco	1,598.4	.6398	2.38	20,413	2,100,526	1,957,857	3,514	495,757	25	1,193,740	61	162	106
San Jose	1,456.2	.5828	2.83	18,384	1,258,918	1,200,750	2,090	457,984	38	621,097	52	120	128
Santa Barbara - Santa Maria - Lompoc	348.5	.1395	2.65	15,430	326,378	312,329	610	102,966	33	194,052	62	101	86
Santa Cruz	238.7	.0956	2.68	15,278	218,782	196,686	399	74,814	38	103,800	53	95	78
Santa Rosa - Petaluma	380.1	.1522	2.52	16,084	300,743	280,061	557	100,125	36	150,256	54	95	92
Stockton	479.4	.1919	2.92	11,657	270,236	258,103	554	124,566	48	122,256	47	91	85
Vallejo - Fairfield - Napa	435.2	.1742	2.81	13,648	310,180	290,145	525	134,399	46	148,238	51	105	98
Visalia - Tulare - Porterville	307.7	.1232	3.06	9,207	110,394	104,806	345	39,866	38	55,311	53	55	76
Yuba City	122.6	.0491	2.74	10,981	55,803	51,921	132	19,749	38	27,400	53	70	87
Non-Metro Portion of State	1,263.6	.5057	2.73	11,312	776,362	718,694	2,076	271,239	38	423,772	59	82	66
State Total	**29,227.5**	**11.6985**	**2.73**	**15,225**	**24,718,183**	**23,411,018**	**40,245**	**8,846,936**	**38**	**12,386,505**	**53**	**118**	**106**
COLORADO													
Boulder - Longmont	223.2	.0893	2.58	13,060	202,578	191,596	420	68,771	36	99,908	52	102	73
Colorado Springs	400.9	.1605	2.73	11,628	277,847	254,847	580	111,618	44	115,928	45	115	82
Denver	1,681.9	.6734	2.50	14,798	1,295,205	1,195,796	2,459	412,285	34	615,658	51	105	103
Fort Collins - Loveland	188.5	.0755	2.60	11,420	136,548	127,026	271	45,594	36	66,238	52	99	79
Greeley	139.5	.0558	2.70	10,059	61,558	55,643	146	19,972	36	29,015	52	75	85
Pueblo	129.0	.0516	2.56	9,907	74,342	66,153	179	23,744	36	34,494	52	82	70
Non-Metro Portion of State	609.5	.2438	2.62	10,260	494,586	462,181	1,381	158,394	34	263,935	57	121	63
State Total	**3,372.5**	**1.3499**	**2.57**	**12,914**	**2,542,664**	**2,353,242**	**5,436**	**840,378**	**36**	**1,225,176**	**52**	**107**	**85**
CONNECTICUT													
Bridgeport - Stamford - Norwalk - Danbury	825.2	.3302	2.76	21,338	692,969	661,113	1,198	175,165	26	381,088	58	89	117
Hartford - New Britain - Middletown - Bristol	1,125.4	.4505	2.67	16,971	938,891	891,170	1,586	276,591	31	480,386	54	109	120
New Haven - Waterbury - Meriden	801.3	.3207	2.67	16,456	633,744	594,316	1,177	192,195	32	333,720	56	92	101
New London - Norwich	255.6	.1023	2.78	14,946	210,891	196,604	402	67,695	34	108,619	55	107	95
Non-Metro Portion of State	274.6	.1099	2.70	16,050	172,435	162,745	395	56,704	35	90,982	56	76	93
State Total	**3,282.1**	**1.3136**	**2.70**	**17,708**	**2,648,930**	**2,505,948**	**4,758**	**768,350**	**31**	**1,394,795**	**56**	**96**	**110**
DELAWARE													
Wilmington	579.6	.2320	2.76	14,762	387,110	358,574	658	146,716	41	174,725	49	92	129
Non-Metro Portion of State	233.1	.0933	2.78	11,158	184,620	177,119	380	74,220	42	84,917	48	114	67
State Total	**672.0**	**.2690**	**2.75**	**13,586**	**500,439**	**471,685**	**904**	**195,694**	**41**	**224,644**	**48**	**98**	**103**
DISTRICT OF COLUMBIA													
Washington	3,778.2	1.5122	2.65	19,529	3,556,993	3,461,554	4,940	1,160,963	34	1,744,886	50	123	151
State Total	**620.1**	**.2482**	**2.44**	**16,409**	**952,011**	**898,048**	**1,198**	**217,175**	**24**	**479,559**	**53**	**293**	**149**
FLORIDA													
Bradenton	192.1	.0769	2.30	13,434	137,277	130,792	235	47,961	37	70,619	54	88	85
Daytona Beach	359.5	.1439	2.34	12,807	291,015	267,201	531	109,207	41	136,315	51	88	92
Fort Lauderdale - Hollywood - Pompano Beach	1,255.0	.5023	2.30	16,199	1,121,932	1,033,253	1,927	313,136	30	637,695	62	110	97
Fort Myers - Cape Coral	322.3	.1290	2.33	14,402	290,246	279,463	499	79,312	28	178,259	64	99	81
Fort Pierce	240.4	.0962	2.44	12,427	164,149	158,415	289	58,091	37	85,533	54	83	81
Fort Walton Beach	158.9	.0636	2.73	11,942	136,397	129,644	252	47,539	37	69,998	54	143	82
Gainesville	211.8	.0847	2.62	11,291	150,521	144,836	293	53,112	37	78,201	54	101	100
Jacksonville	938.0	.3755	2.62	12,795	710,477	674,799	1,267	337,108	50	280,851	42	113	109
Lakeland - Winter Haven	410.7	.1644	2.65	11,061	214,407	206,117	442	100,465	49	90,207	44	88	99
Melbourne - Titusville - Palm Bay	413.9	.1657	2.46	12,803	297,531	277,081	549	105,445	38	136,242	49	104	88

	12/31/89			1989									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Miami - Hialeah	1,885.9	.7549	2.60	13,190	1,274,421	1,199,086	2,536	385,695	32	630,436	53	106	118
Naples	141.1	.0565	2.36	14,169	134,583	130,942	236	48,016	37	70,701	54	92	85
Ocala	197.7	.0792	2.53	10,138	102,082	98,372	214	36,073	37	53,114	54	71	77
Orlando	1,044.2	.4179	2.60	13,364	1,182,335	1,136,982	1,447	381,984	34	652,866	57	138	150
Panama City	134.7	.0539	2.60	9,518	132,100	119,549	267	43,837	37	64,548	54	113	63
Pensacola	359.1	.1437	2.70	11,760	208,891	193,067	395	105,104	54	76,172	39	104	108
Sarasota	266.8	.1068	2.20	14,854	281,394	271,773	449	66,607	25	183,480	68	114	76
Tallahassee	235.7	.0944	2.66	11,881	163,632	154,423	272	56,626	37	83,378	54	106	128
Tampa - St. Petersburg - Clearwater	2,080.8	.8329	2.35	13,470	1,612,397	1,521,121	2,733	568,133	37	796,698	52	95	101
West Palm Beach - Boca Raton - Delray Beach	870.8	.3486	2.33	17,293	808,213	764,058	1,248	213,560	28	497,537	65	108	109
Non-Metro Portion of State	1,178.7	.4715	2.51	10,783	596,041	554,666	1,289	248,840	45	282,035	51	69	82
State Total	**12,898.1**	**5.1625**	**2.47**	**13,349**	**10,010,041**	**9,445,640**	**17,370**	**3,405,851**	**36**	**5,154,885**	**55**	**103**	**104**
GEORGIA													
Albany	118.3	.0473	2.93	10,334	66,969	65,058	147	32,842	50	24,425	38	90	97
Athens	151.3	.0604	2.70	10,648	96,235	93,303	192	47,128	51	35,046	38	119	90
Atlanta	2,816.6	1.1272	2.66	14,664	2,613,392	2,486,593	4,087	1,151,795	46	1,005,627	40	136	114
Augusta	406.1	.1626	2.78	11,392	243,723	236,170	439	122,881	52	80,137	34	101	111
Columbus	256.1	.1026	2.83	10,443	144,606	137,935	296	69,672	51	51,738	38	108	80
Macon - Warner Robins	294.6	.1180	2.77	12,029	180,805	173,316	361	87,487	50	65,068	38	115	102
Savannah	251.2	.1005	2.72	11,790	177,448	171,399	331	86,525	50	64,355	38	111	100
Non-Metro Portion of State	2,293.8	.9184	2.85	9,385	937,780	900,191	2,327	568,088	63	283,399	31	69	98
State Total	**6,526.6**	**2.6124**	**2.75**	**12,054**	**4,420,665**	**4,224,658**	**8,119**	**2,151,266**	**51**	**1,591,694**	**38**	**108**	**106**
HAWAII													
Honolulu	853.7	.3417	3.12	14,390	1,289,414	1,207,903	1,355	428,953	36	570,656	47	215	141
Non-Metro Portion of State	267.3	.1069	3.03	11,917	401,664	389,213	513	102,242	26	262,910	68	130	153
State Total	**1,121.0**	**.4486**	**3.10**	**13,800**	**1,691,078**	**1,597,116**	**1,868**	**531,195**	**33**	**833,566**	**52**	**185**	**144**
IDAHO													
Boise	206.6	.0827	2.62	12,862	149,992	139,396	279	62,067	45	66,562	48	99	98
Non-Metro Portion of State	814.6	.3261	2.87	9,843	353,111	316,577	1,099	144,525	46	153,217	48	71	73
State Total	**1,021.2**	**.4088**	**2.82**	**10,454**	**503,103**	**455,973**	**1,378**	**206,592**	**45**	**219,779**	**48**	**78**	**78**
ILLINOIS													
Aurora - Elgin	362.3	.1449	2.79	14,396	237,414	219,021	422	89,278	41	103,735	47	93	110
Bloomington - Normal	127.0	.0508	2.71	13,814	96,123	91,680	183	37,371	41	43,422	47	132	96
Champaign - Urbana - Rantoul	173.8	.0696	2.73	12,247	157,524	142,127	241	57,935	41	67,315	47	131	100
Chicago	6,214.4	2.4874	2.67	15,037	4,797,524	4,487,923	7,898	1,600,189	36	2,306,897	51	123	120
Davenport - Rock Island - Moline	367.5	.1471	2.59	13,592	242,930	215,098	498	98,081	46	96,399	45	93	89
Decatur	123.7	.0495	2.57	13,961	82,766	73,971	154	30,153	41	35,035	47	99	106
Joliet	388.9	.1556	2.98	13,476	190,080	173,955	400	70,909	41	82,390	47	90	106
Kankakee	101.3	.0406	2.75	11,399	45,982	42,590	117	17,361	41	20,171	47	70	86
Lake County	508.2	.2035	2.96	17,164	387,984	360,188	651	133,330	37	184,591	51	104	110
Peoria	346.9	.1388	2.62	14,720	204,279	188,742	480	88,003	47	76,288	40	99	102
Rockford	285.5	.1142	2.62	13,560	198,333	180,943	361	73,758	41	85,699	47	89	102
Springfield	196.1	.0785	2.42	12,707	155,626	143,767	277	58,602	41	68,091	47	124	97
Non-Metro Portion of State	2,058.4	.8239	2.59	11,229	890,143	798,667	2,654	433,292	54	312,061	39	76	64
State Total	**11,696.9**	**4.6817**	**2.68**	**13,981**	**7,914,662**	**7,320,040**	**14,811**	**2,892,045**	**40**	**3,545,382**	**48**	**109**	**104**
INDIANA													
Anderson	131.4	.0526	2.67	11,613	66,663	59,648	163	31,013	52	23,119	39	79	84

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STATE Metro Name	12/31/89 Population (Thous.)	12/31/89 % Of U.S.	12/31/89 Average House-hold Size	1989 Per Capita EBI	1989 Eating & Drinking Place Sales ($000)	1989 Eating Place Sales ($000)	1989 Eating Place Units	1989 Fast Food Sales ($000)	1989 Fast Food Market Share (%)	1989 Restaurant Sales ($000)	1989 Restaurant Market Share (%)	RAI	RGI
Elkhart - Goshen	152.3	.0610	2.72	11,529	99,831	94,966	206	49,377	52	36,808	39	96	88
Evansville	284.5	.1139	2.58	12,254	192,487	181,988	403	94,799	52	70,398	39	113	90
Fort Wayne	367.9	.1472	2.72	12,276	292,533	267,910	518	115,170	43	138,863	52	123	98
Gary - Hammond	619.2	.2478	2.85	11,169	318,762	302,548	786	149,649	49	126,558	42	92	85
Indianapolis	1,254.9	.5025	2.65	12,871	1,102,092	1,044,346	1,702	552,646	53	358,610	34	148	106
Kokomo	100.5	.0403	2.64	13,014	71,614	66,572	148	34,613	52	25,803	39	118	87
Lafayette - West Lafayette	125.8	.0504	2.80	11,929	96,099	88,196	166	45,857	52	34,186	39	123	100
Muncie	120.4	.0482	2.76	10,743	79,032	73,458	166	38,194	52	28,472	39	121	79
South Bend - Mishawaka	244.0	.0976	2.66	11,902	174,445	161,381	372	83,908	52	62,553	39	109	81
Terre Haute	132.2	.0529	2.66	11,222	101,667	94,762	182	49,270	52	36,729	39	111	80
Non-Metro Portion of State	1,799.5	.7199	2.74	10,321	759,437	700,950	2,195	387,315	55	255,895	37	82	71
State Total	**5,617.9**	**2.2486**	**2.71**	**11,471**	**3,535,586**	**3,304,511**	**7,363**	**1,726,105**	**52**	**1,259,556**	**38**	**110**	**87**
IOWA													
Cedar Rapids	171.5	.0687	2.51	13,648	121,529	110,516	237	48,795	44	51,502	47	84	94
Davenport - Rock Island - Moline	367.5	.1471	2.59	13,592	242,930	215,098	498	98,081	46	96,399	45	93	89
Des Moines	395.9	.1585	2.45	13,586	311,989	286,416	547	117,912	41	130,085	45	87	100
Dubuque	90.5	.0363	2.85	10,542	63,933	57,174	133	25,243	44	26,644	47	91	72
Iowa City	87.2	.0349	2.53	12,861	73,839	64,568	119	28,508	44	30,089	47	89	107
Sioux City	117.1	.0469	2.57	10,860	76,507	67,914	166	29,987	44	31,647	47	79	74
Waterloo - Cedar Falls	148.6	.0596	2.66	13,351	81,600	72,962	200	32,215	44	34,001	47	84	86
Non-Metro Portion of State	1,618.7	.6476	2.56	10,323	652,709	578,392	2,311	256,670	44	293,675	51	62	62
State Total	**2,857.8**	**1.1439**	**2.56**	**11,457**	**1,529,839**	**1,371,135**	**4,019**	**601,945**	**44**	**656,091**	**48**	**74**	**74**
KANSAS													
Kansas City	1,585.0	.6344	2.61	14,401	1,161,148	1,111,400	2,051	529,643	48	453,814	41	108	116
Lawrence	77.1	.0309	2.78	11,664	58,593	54,372	104	28,251	52	20,102	37	118	80
Topeka	166.1	.0665	2.52	14,356	127,450	119,243	252	61,957	52	44,089	37	118	96
Wichita	452.6	.1812	2.57	14,594	374,823	361,288	755	174,160	48	140,513	39	123	88
Non-Metro Portion of State	1,210.3	.4842	2.61	10,778	550,013	521,228	1,884	275,109	53	194,149	37	84	60
State Total	**2,518.0**	**1.0078**	**2.62**	**12,866**	**1,500,640**	**1,434,856**	**3,676**	**730,343**	**51**	**537,974**	**37**	**97**	**80**
KENTUCKY													
Clarksville - Hopkinsville	161.0	.0645	2.93	10,089	93,707	88,801	202	45,872	52	34,946	39	119	70
Huntington - Ashland	328.8	.1316	2.64	9,509	168,608	163,013	357	96,795	59	51,836	32	94	78
Lexington-Fayette	349.6	.1400	2.60	12,369	323,705	312,792	509	155,176	50	119,322	38	128	103
Louisville	967.5	.3874	2.65	12,081	751,038	708,914	1,129	385,777	54	258,872	37	127	109
Owensboro	87.9	.0352	2.63	10,500	56,573	52,392	128	29,720	57	18,313	35	91	76
Non-Metro Portion of State	2,043.6	.8178	2.78	8,866	767,470	754,392	1,891	492,149	65	218,731	29	67	84
State Total	**3,766.2**	**1.5075**	**2.72**	**10,281**	**2,136,783**	**2,057,699**	**4,016**	**1,163,257**	**57**	**722,898**	**35**	**95**	**94**
LOUISIANA													
Alexandria	137.3	.0550	2.81	9,025	71,562	68,792	142	32,625	47	25,220	37	72	88
Baton Rouge	539.6	.2160	2.85	10,861	330,500	313,973	564	156,412	50	112,159	36	72	112
Houma - Thibodaux	183.1	.0733	2.99	10,233	111,338	106,251	186	50,388	47	38,953	37	79	93
Lafayette	210.4	.0842	2.82	10,862	143,624	139,457	256	66,136	47	51,129	37	78	98
Lake Charles	172.9	.0692	2.80	10,361	89,786	86,730	168	41,130	47	31,796	37	60	101
Monroe	143.7	.0575	2.78	9,090	103,147	101,531	192	48,149	47	37,223	37	87	74
New Orleans	1,311.8	.5250	2.68	11,035	1,070,001	996,095	1,617	403,716	41	429,298	43	96	104
Shreveport	358.6	.1436	2.68	10,590	208,705	201,153	382	104,061	52	75,066	37	88	94
Non-Metro Portion of State	1,367.6	.5473	2.93	8,002	365,206	350,096	995	215,384	62	99,611	28	44	92
State Total	**4,425.0**	**1.7711**	**2.81**	**9,847**	**2,493,869**	**2,364,078**	**4,502**	**1,118,001**	**47**	**900,455**	**38**	**75**	**99**

	12/31/89			1989										
						Eating Place		Fast Food		Restaurant				
STATE Metro Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
MAINE													
Bangor	141.6	.0567	2.79	11,543	95,279	91,735	190	32,984	36	52,342	57	70	91
Lewiston - Auburn	104.1	.0417	2.64	12,045	66,916	64,423	132	23,161	36	36,760	57	69	87
Portland	237.6	.0951	2.54	15,052	266,554	255,649	429	91,919	36	145,874	57	101	95
Non-Metro Portion of State	739.4	.2959	2.65	11,859	460,330	444,331	1,235	160,122	36	254,100	57	80	69
State Total	**1,222.7**	**.4894**	**2.64**	**12,459**	**889,079**	**856,138**	**1,986**	**308,186**	**36**	**489,076**	**57**	**83**	**78**
MARYLAND													
Baltimore	2,383.1	.9539	2.72	14,479	1,778,362	1,624,173	2,798	674,078	42	678,626	42	109	125
Cumberland	103.1	.0413	2.62	10,423	58,036	54,985	152	23,434	43	24,326	44	100	73
Hagerstown	118.5	.0474	2.74	11,724	55,608	50,234	146	21,105	42	22,423	45	69	102
Non-Metro Portion of State	337.3	.1350	2.71	12,236	301,104	286,297	553	115,013	40	157,153	55	116	83
State Total	**4,717.6**	**1.8882**	**2.74**	**15,920**	**3,408,832**	**3,195,483**	**5,615**	**1,303,258**	**41**	**1,442,740**	**45**	**100**	**126**
MASSACHUSETTS													
Boston - Lawrence - Salem - Lowell - Brockton	3,736.4	1.4956	2.64	17,771	3,854,505	3,613,031	5,492	960,245	27	2,099,395	58	125	122
New Bedford - Fall River - Attleboro	498.1	.1994	2.70	12,929	412,158	382,051	684	146,735	38	196,799	52	91	84
Pittsfield	141.9	.0568	2.57	14,129	131,969	121,961	250	34,517	28	79,421	65	104	82
Springfield	595.7	.2384	2.69	13,593	486,017	437,395	822	146,200	33	254,781	58	108	92
Worcester - Fitchburg - Leominster	687.1	.2751	2.70	15,114	541,373	504,579	915	168,116	33	278,030	55	105	103
Non-Metro Portion of State	268.3	.1073	2.41	15,140	454,611	427,774	777	87,965	21	320,111	75	140	61
State Total	**5,927.5**	**2.3726**	**2.65**	**16,430**	**5,880,633**	**5,486,791**	**8,940**	**1,543,778**	**28**	**3,228,537**	**59**	**119**	**108**
MICHIGAN													
Ann Arbor	276.3	.1106	2.69	14,049	213,992	203,870	378	84,842	42	99,924	49	131	126
Battle Creek	140.0	.0561	2.61	13,639	89,059	81,471	191	33,905	42	39,931	49	100	96
Benton Harbor	168.6	.0675	2.65	11,404	107,903	99,651	238	41,471	42	48,843	49	105	72
Detroit	4,385.4	1.7554	2.69	13,962	3,181,155	2,934,410	5,175	1,204,646	41	1,373,129	47	119	109
Flint	433.7	.1736	2.71	11,462	259,477	231,056	531	109,707	47	103,758	45	91	88
Grand Rapids	669.0	.2678	2.73	13,505	402,119	376,205	781	146,339	39	201,938	54	109	117
Jackson	150.7	.0603	2.88	11,629	72,737	65,576	157	27,291	42	32,140	49	102	102
Kalamazoo	220.6	.0883	2.65	14,291	158,540	149,511	312	62,221	42	73,280	49	125	105
Lansing - East Lansing	434.8	.1741	2.77	13,037	303,918	275,470	519	123,446	45	136,274	49	114	111
Muskegon	160.0	.0641	2.76	11,302	93,824	87,044	218	36,224	42	42,664	49	104	79
Saginaw - Bay City - Midland	408.9	.1637	2.78	11,887	247,002	223,636	420	89,761	40	122,333	55	107	106
Non-Metro Portion of State	1,897.3	.7590	2.76	10,313	923,802	808,273	2,554	325,327	40	439,572	54	71	60
State Total	**9,345.3**	**3.7405**	**2.72**	**12,815**	**6,053,528**	**5,536,173**	**11,474**	**2,285,180**	**41**	**2,713,786**	**49**	**105**	**96**
MINNESOTA													
Duluth	245.0	.0980	2.60	12,031	134,614	112,714	359	41,578	37	59,889	53	78	75
Fargo - Moorhead	152.1	.0609	2.65	11,530	130,129	112,167	206	55,661	50	53,656	48	111	95
Minneapolis - St. Paul	2,402.8	.9618	2.62	15,567	2,043,817	1,887,388	2,910	692,072	37	976,527	52	120	139
Rochester	101.9	.0408	2.64	15,040	81,207	76,856	128	28,333	37	40,815	53	98	140
St. Cloud	185.7	.0743	3.12	10,140	102,894	87,890	213	32,399	37	46,671	53	82	82
Non-Metro Portion of State	1,467.9	.5874	2.73	9,687	671,456	589,513	2,015	217,105	37	340,057	58	74	59
State Total	**4,360.1**	**1.7451**	**2.67**	**13,163**	**3,001,377**	**2,730,654**	**5,554**	**1,002,144**	**37**	**1,451,654**	**53**	**102**	**104**
MISSISSIPPI													
Biloxi - Gulfport	203.3	.0814	2.74	10,658	128,877	121,572	258	71,572	59	36,327	30	102	85

	12/31/89			1989									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Jackson	402.6	.1612	2.81	11,170	239,108	236,536	447	119,335	50	86,595	37	107	112
Pascagoula	129.8	.0520	2.87	10,600	47,814	46,235	124	27,219	59	13,815	30	76	110
Non-Metro Portion of State	1,851.2	.7408	2.82	8,209	579,003	569,247	1,694	368,441	65	152,211	27	60	86
State Total	**2,657.1**	**1.0635**	**2.82**	**9,017**	**1,015,401**	**993,224**	**2,570**	**598,236**	**60**	**295,574**	**30**	**71**	**92**
MISSOURI													
Columbia	107.7	.0431	2.72	13,294	76,143	70,771	148	33,589	47	28,252	40	98	95
Joplin	135.6	.0542	2.60	10,287	89,963	85,639	201	40,644	47	34,187	40	105	61
Kansas City	1,585.0	.6344	2.61	14,401	1,161,148	1,111,400	2,051	529,643	48	453,814	41	108	116
St. Joseph	85.6	.0343	2.62	11,824	49,885	46,089	111	21,874	47	18,399	40	93	91
St. Louis	2,484.9	.9945	2.71	13,952	1,811,294	1,693,085	3,217	802,298	47	626,404	37	118	108
Springfield	237.8	.0951	2.61	11,624	197,435	188,955	334	89,679	47	75,432	40	128	99
Non-Metro Portion of State	1,799.0	.7204	2.72	9,286	677,825	645,942	2,271	353,944	55	256,363	40	74	57
State Total	**5,222.7**	**2.0904**	**2.68**	**12,381**	**3,334,040**	**3,160,630**	**6,970**	**1,529,476**	**48**	**1,245,999**	**39**	**107**	**93**
MONTANA													
Billings	116.4	.0466	2.54	11,404	100,372	83,486	220	32,853	39	44,735	54	88	70
Great Falls	78.3	.0314	2.56	11,091	56,919	45,052	145	17,729	39	24,141	54	81	62
Non-Metro Portion of State	619.6	.2480	2.56	10,056	358,207	283,835	1,094	107,933	38	158,706	56	73	58
State Total	**814.3**	**.3260**	**2.56**	**10,348**	**515,498**	**412,373**	**1,459**	**158,515**	**38**	**227,582**	**55**	**76**	**60**
NEBRASKA													
Lincoln	212.1	.0849	2.52	14,630	151,042	135,239	283	61,801	46	62,475	46	96	110
Omaha	620.1	.2481	2.67	13,913	503,323	446,610	843	196,493	44	206,409	46	107	104
Non-Metro Portion of State	844.8	.3382	2.61	9,957	393,185	337,652	1,298	155,860	46	161,291	48	83	56
State Total	**1,606.8**	**.6431**	**2.62**	**11,992**	**1,011,755**	**887,466**	**2,325**	**399,085**	**45**	**416,170**	**47**	**96**	**80**
NEVADA													
Las Vegas	661.4	.2648	2.44	13,550	565,796	486,085	843	201,544	41	211,409	43	100	418
Reno	246.0	.0984	2.32	15,722	166,611	150,158	345	64,047	43	68,792	46	85	311
Non-Metro Portion of State	192.1	.0769	2.49	13,165	108,893	94,038	265	39,804	42	43,039	46	78	254
State Total	**1,099.5**	**.4401**	**2.42**	**13,968**	**841,300**	**730,281**	**1,453**	**305,395**	**42**	**323,240**	**44**	**93**	**363**
NEW HAMPSHIRE													
Manchester - Nashua	333.1	.1334	2.68	17,818	288,517	282,343	502	92,559	33	164,316	58	91	119
Portsmouth - Dover - Rochester	345.2	.1381	2.70	16,143	321,232	313,025	519	91,662	29	195,657	63	90	100
Non-Metro Portion of State	428.1	.1713	2.61	13,960	352,852	349,309	750	102,285	29	218,329	63	82	83
State Total	**1,106.4**	**.4428**	**2.66**	**15,803**	**962,601**	**944,677**	**1,771**	**286,506**	**30**	**578,302**	**61**	**87**	**98**
NEW JERSEY													
Atlantic City	316.7	.1268	2.51	13,713	390,043	346,626	831	110,554	32	219,236	63	119	305
Bergen - Passaic	1,293.1	.5176	2.67	20,147	977,312	902,153	1,688	250,419	28	464,660	52	81	126
Jersey City	541.9	.2169	2.56	13,298	257,810	217,428	588	77,248	36	110,530	51	68	112
Middlesex - Somerset - Hunterdon	991.3	.3967	2.80	19,866	739,071	665,310	1,188	212,334	32	363,706	55	79	145
Monmouth - Ocean	987.0	.3950	2.62	18,280	727,544	651,692	1,363	185,096	28	411,006	63	76	97
Newark	1,896.4	.7590	2.73	18,337	1,245,936	1,121,348	2,223	335,888	30	544,073	49	85	138
Trenton	332.1	.1330	2.73	19,078	263,849	229,266	434	71,696	31	120,451	53	92	134
Vineland - Millville - Bridgeton	141.6	.0567	2.87	12,664	65,840	57,718	159	18,068	31	30,801	53	52	99
State Total	**7,789.8**	**3.1179**	**2.70**	**17,764**	**5,450,502**	**4,902,044**	**9,832**	**1,506,569**	**31**	**2,625,973**	**54**	**82**	**141**

23RD ANNUAL RGI
METRO REPORT

	12/31/89			1989									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
NEW MEXICO													
Albuquerque	503.1	.2014	2.59	11,372	426,897	400,224	783	168,023	42	191,046	48	137	86
Las Cruces	134.2	.0537	2.90	8,538	62,650	55,842	144	24,552	44	25,805	46	104	76
Santa Fe	113.5	.0455	2.60	13,664	107,605	103,752	204	45,616	44	47,947	46	172	88
Non-Metro Portion of State	791.4	.3167	2.90	8,721	369,828	341,778	1,034	170,683	50	142,336	42	81	65
State Total	**1,542.2**	**.6173**	**2.77**	**9,934**	**966,980**	**901,596**	**2,165**	**408,874**	**45**	**407,134**	**45**	**109**	**76**
NEW YORK													
Albany - Schenectady - Troy	859.3	.3439	2.63	14,040	643,339	603,320	1,282	196,059	32	330,095	55	84	93
Binghamton	263.7	.1056	2.68	13,484	181,064	162,048	325	45,076	28	88,125	54	81	107
Buffalo	968.2	.3875	2.67	12,721	700,206	640,608	1,488	255,350	40	304,710	48	94	78
Elmira	94.0	.0376	2.74	11,148	58,054	53,002	116	14,742	28	28,824	54	94	85
Glens Falls	116.0	.0465	2.82	11,488	96,009	89,199	279	24,811	28	48,509	54	78	56
Jamestown - Dunkirk	144.8	.0579	2.67	11,009	75,905	65,269	217	25,313	39	33,823	52	68	69
Nassau - Suffolk	2,669.9	1.0687	3.03	19,113	2,086,003	1,969,607	3,777	499,954	25	1,080,632	55	84	107
New York	8,602.1	3.4431	2.47	15,352	6,478,924	6,093,757	10,838	1,364,783	22	3,449,821	57	138	116
Niagara Falls	219.3	.0878	2.68	11,736	132,849	122,573	357	34,094	28	66,659	54	81	69
Orange County	294.3	.1177	2.98	13,301	188,944	177,874	409	49,477	28	96,734	54	65	83
Poughkeepsie	265.3	.1062	2.90	15,067	165,927	157,127	359	43,706	28	85,451	54	69	105
Rochester	994.5	.3980	2.68	14,345	712,793	666,228	1,295	256,856	39	325,702	49	83	108
Syracuse	656.1	.2627	2.74	13,158	495,148	456,544	942	155,478	34	226,287	50	91	93
Utica - Rome	318.3	.1273	2.77	11,177	194,127	181,981	448	50,618	28	98,966	54	84	73
Non-Metro Portion of State	1,612.4	.6454	2.82	10,956	866,213	785,734	2,286	304,787	39	407,239	52	68	74
State Total	**18,078.2**	**7.2359**	**2.64**	**14,913**	**13,075,505**	**12,224,871**	**24,418**	**3,321,104**	**27**	**6,671,577**	**55**	**102**	**103**
NORTH CAROLINA													
Asheville	175.0	.0700	2.45	12,005	120,710	119,308	263	62,418	52	43,985	37	99	92
Burlington	105.6	.0423	2.54	11,610	77,754	76,821	166	40,189	52	28,321	37	106	77
Charlotte - Gastonia - Rock Hill	1,127.9	.4516	2.62	12,763	804,349	783,642	1,516	408,532	52	287,682	37	103	105
Fayetteville	262.0	.1049	3.03	10,197	152,605	147,897	299	77,374	52	54,524	37	117	89
Greensboro - Winston-Salem - High Point	938.2	.3754	2.56	13,215	674,811	665,255	1,300	306,600	46	250,006	38	123	97
Hickory - Morganton	227.4	.0910	2.63	11,929	149,571	146,877	339	76,841	52	54,148	37	94	86
Jacksonville	128.7	.0515	3.29	8,737	76,259	70,801	149	37,040	52	26,101	37	131	61
Raleigh - Durham	698.5	.2795	2.56	14,458	651,088	638,545	1,061	304,166	48	257,393	40	120	107
Wilmington	120.0	.0480	2.54	11,179	120,668	117,215	255	61,322	52	43,213	37	133	60
Non-Metro Portion of State	2,950.5	1.1811	2.69	9,782	1,387,595	1,371,846	3,479	764,974	56	500,228	36	80	81
State Total	**6,603.8**	**2.6432**	**2.65**	**11,435**	**4,130,846**	**4,054,390**	**8,687**	**2,085,688**	**51**	**1,523,198**	**38**	**99**	**90**
NORTH DAKOTA													
Bismarck	88.1	.0353	2.74	11,103	62,938	57,336	98	28,264	49	27,540	48	107	123
Fargo - Moorhead	152.1	.0609	2.65	11,530	130,129	112,167	206	55,661	50	53,656	48	111	95
Grand Forks	71.3	.0285	2.85	12,571	55,024	46,525	92	22,934	49	22,348	48	106	104
Non-Metro Portion of State	418.2	.1674	2.75	9,807	185,569	145,541	608	69,633	48	71,143	49	73	56
State Total	**680.8**	**.2725**	**2.73**	**10,595**	**407,719**	**338,387**	**944**	**167,129**	**49**	**162,303**	**48**	**91**	**74**
OHIO													
Akron	654.5	.2620	2.62	12,425	416,143	388,648	869	172,412	44	188,364	48	93	88
Canton	406.8	.1628	2.69	11,307	217,759	204,632	574	98,116	48	97,067	47	83	73
Cincinnati	1,451.1	.5808	2.62	13,435	1,159,744	1,084,514	1,889	459,128	42	500,300	46	107	107
Cleveland	1,839.6	.7364	2.55	13,923	1,203,674	1,105,894	2,372	469,182	42	516,314	47	106	101
Columbus	1,353.5	.5418	2.57	12,721	985,136	914,175	1,809	455,231	50	374,316	41	107	101
Dayton - Springfield	945.5	.3785	2.56	13,095	618,503	577,608	1,181	303,604	53	220,479	38	93	101
Hamilton - Middletown	282.0	.1129	2.75	11,529	165,392	150,320	306	71,284	47	65,110	43	101	90

	12/31/89			1989										
						Eating Place		Fast Food		Restaurant				
STATE Metro Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Lima	160.2	.0641	2.73	11,329	103,176	98,010	235	46,477	47	42,452	43	96	74
Lorain - Elyria	274.4	.1099	2.80	12,426	117,016	105,572	303	50,064	47	45,727	43	73	95
Mansfield	129.3	.0517	2.62	11,754	74,280	68,872	186	32,660	47	29,831	43	82	76
Parkersburg - Marietta	156.6	.0627	2.60	10,386	100,217	96,067	187	57,380	60	30,236	31	101	85
Steubenville - Weirton	149.8	.0601	2.63	10,888	61,270	54,856	174	26,199	48	23,578	43	69	83
Toledo	620.8	.2485	2.61	12,723	420,904	386,110	878	163,081	42	183,054	47	102	85
Youngstown - Warren	507.0	.2028	2.64	11,978	274,598	249,392	655	114,697	46	108,695	44	91	78
Non-Metro Portion of State	2,337.8	.9356	2.72	10,517	1,024,542	931,202	2,847	477,966	51	387,415	42	75	71
State Total	**10,934.8**	**4.3767**	**2.63**	**12,367**	**6,649,430**	**6,138,093**	**14,022**	**2,860,862**	**47**	**2,693,985**	**44**	**94**	**90**
OKLAHOMA													
Enid	59.7	.0239	2.54	10,388	35,398	34,349	104	17,108	50	12,162	35	84	53
Lawton	119.1	.0477	3.02	9,105	63,454	60,293	156	30,029	50	21,347	35	94	63
Oklahoma City	973.7	.3897	2.57	10,995	780,371	757,884	1,662	347,201	46	284,723	38	115	66
Tulsa	740.5	.2965	2.56	11,153	543,279	526,539	1,068	251,771	48	188,378	36	98	79
Non-Metro Portion of State	1,357.0	.5430	2.63	8,383	518,934	504,547	1,687	282,721	56	156,032	31	61	57
State Total	**3,286.9**	**1.3156**	**2.61**	**9,817**	**1,955,256**	**1,897,252**	**4,713**	**931,683**	**49**	**664,528**	**35**	**88**	**65**
OREGON													
Eugene - Springfield	271.6	.1088	2.50	11,017	206,079	190,071	433	75,180	40	99,246	52	111	73
Medford	147.1	.0589	2.60	10,368	108,244	99,919	228	39,522	40	52,172	52	96	60
Portland	1,193.1	.4774	2.51	14,026	1,041,407	949,611	1,863	354,972	37	498,685	53	125	97
Salem	272.1	.1089	2.65	10,097	178,958	166,856	383	65,997	40	87,123	52	105	62
Non-Metro Portion of State	902.6	.3614	2.61	10,063	607,196	559,045	1,607	228,923	41	301,058	54	92	54
State Total	**2,786.5**	**1.1154**	**2.56**	**11,873**	**2,141,884**	**1,965,502**	**4,514**	**764,594**	**39**	**1,038,284**	**53**	**109**	**74**
PENNSYLVANIA													
Allentown - Bethlehem - Easton	684.0	.2736	2.57	13,895	442,938	410,042	901	144,943	35	194,731	47	82	94
Altoona	133.0	.0532	2.62	10,825	81,932	76,610	180	27,821	36	39,153	51	74	74
Beaver County	191.4	.0766	2.67	11,321	69,708	62,588	190	22,729	36	31,987	51	59	95
Erie	280.5	.1122	2.70	12,592	188,296	168,897	358	61,337	36	86,320	51	87	96
Harrisburg - Lebanon - Carlisle	594.0	.2377	2.57	14,061	390,784	354,291	754	147,929	42	174,295	49	89	118
Johnstown	253.0	.1012	2.71	9,227	101,330	89,520	260	32,510	36	45,750	51	63	73
Lancaster	415.7	.1663	2.71	13,221	313,595	293,088	501	91,988	31	182,665	62	91	115
Philadelphia	4,934.9	1.9751	2.68	14,965	3,303,247	2,989,359	5,572	970,238	32	1,553,301	52	89	122
Pittsburgh	2,105.4	.8427	2.53	12,936	1,341,880	1,223,987	2,689	448,897	37	618,714	51	92	92
Reading	333.3	.1334	2.55	13,417	232,724	218,211	475	76,118	35	124,929	57	98	88
Scranton - Wilkes-Barre	740.3	.2965	2.59	11,561	456,891	429,864	1,063	170,664	40	216,871	50	82	82
Sharon	124.1	.0497	2.69	11,591	63,429	56,394	172	20,480	36	28,821	51	92	68
State College	118.0	.0473	2.93	10,416	95,302	89,489	170	32,498	36	45,736	51	124	71
Williamsport	119.8	.0479	2.66	11,371	63,955	56,763	167	20,615	36	29,010	51	61	80
York	413.7	.1655	2.62	13,120	278,372	254,356	490	98,358	39	132,419	52	86	108
Non-Metro Portion of State	1,871.1	.7493	2.68	10,671	834,792	759,526	2,179	321,253	42	365,012	48	71	62
State Total	**12,090.0**	**4.8390**	**2.62**	**13,012**	**7,513,016**	**6,855,337**	**14,825**	**2,455,663**	**36**	**3,527,042**	**51**	**86**	**97**
RHODE ISLAND													
Providence - Pawtucket - Woonsocket	917.4	.3672	2.70	13,716	703,796	640,978	1,358	216,115	34	362,075	56	101	88
Non-Metro Portion of State	86.9	.0348	2.79	15,331	118,896	108,633	184	32,975	30	66,761	61	191	74
State Total	**1,004.3**	**.4020**	**2.71**	**13,855**	**822,692**	**749,611**	**1,542**	**249,090**	**33**	**428,836**	**57**	**109**	**86**
SOUTH CAROLINA													
Anderson	146.0	.0584	2.61	10,537	78,612	76,396	172	37,664	49	30,379	40	73	88

	12/31/89			1989									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Charleston	514.2	.2058	2.88	10,168	363,569	347,425	575	142,012	41	165,938	48	108	106
Charlotte - Gastonia - Rock Hill	1,127.9	.4516	2.62	12,763	804,349	783,642	1,516	408,532	52	287,682	37	103	105
Columbia	461.2	.1846	2.72	12,514	339,100	330,419	596	155,045	47	117,485	36	111	103
Florence	121.7	.0487	2.82	8,752	62,237	61,480	136	30,312	49	24,446	40	79	106
Greenville - Spartanburg	629.0	.2518	2.62	10,944	405,346	397,063	858	211,104	53	146,196	37	91	87
Non-Metro Portion of State	1,400.0	.5603	2.78	9,172	772,939	747,152	1,668	365,408	49	318,420	43	95	91
State Total	**3,526.1**	**1.4114**	**2.75**	**10,274**	**2,163,379**	**2,100,311**	**4,256**	**1,024,256**	**49**	**845,337**	**40**	**96**	**95**
SOUTH DAKOTA													
Rapid City	81.2	.0325	2.56	12,118	69,262	63,398	149	25,784	41	34,046	54	98	75
Sioux Falls	127.8	.0512	2.51	13,538	95,235	84,505	178	34,369	41	45,381	54	91	103
Non-Metro Portion of State	515.0	.2060	2.72	9,140	217,965	184,255	786	66,826	36	107,142	58	73	53
State Total	**724.0**	**.2897**	**2.66**	**10,251**	**382,462**	**332,158**	**1,113**	**126,979**	**38**	**186,569**	**56**	**81**	**64**
TENNESSEE													
Chattanooga	442.1	.1772	2.61	11,223	243,769	240,395	588	134,975	56	86,872	36	89	86
Clarksville - Hopkinsville	161.0	.0645	2.93	10,089	93,707	88,801	202	45,872	52	34,946	39	119	70
Jackson	79.0	.0316	2.61	11,160	40,850	38,885	93	20,090	52	15,300	39	77	104
Johnson City - Kingsport - Bristol	452.1	.1812	2.63	10,839	216,520	213,583	511	132,021	62	60,481	28	99	89
Knoxville	609.7	.2442	2.54	11,769	470,275	455,938	883	208,031	46	213,536	47	124	96
Memphis	986.3	.3949	2.73	11,392	518,651	507,497	1,108	247,215	49	190,178	37	98	116
Nashville	987.6	.3952	2.63	13,345	781,622	766,752	1,270	368,207	48	332,139	43	133	118
Non-Metro Portion of State	1,641.3	.6564	2.68	9,685	514,234	507,681	1,572	322,091	63	159,779	31	64	89
State Total	**4,967.2**	**1.9882**	**2.64**	**11,273**	**2,723,543**	**2,666,588**	**5,871**	**1,385,908**	**52**	**1,046,532**	**39**	**102**	**100**
TEXAS													
Abilene	123.3	.0493	2.74	10,479	82,004	77,381	161	35,690	46	30,322	39	141	68
Amarillo	196.8	.0787	2.60	12,516	163,121	154,544	333	71,281	46	60,558	39	98	72
Austin	750.3	.3003	2.58	13,058	711,528	672,161	1,228	295,317	44	288,035	43	96	90
Beaumont - Port Arthur	367.0	.1468	2.75	12,236	209,197	198,727	404	100,544	51	71,499	36	92	108
Brazoria	190.2	.0761	3.03	13,296	75,368	72,669	211	33,518	46	28,475	39	58	117
Brownsville - Harlingen	266.6	.1067	3.43	6,824	120,751	111,701	271	51,521	46	43,771	39	80	70
Bryan - College Station	124.6	.0499	2.73	10,871	83,871	77,082	152	35,552	46	30,205	39	97	72
Corpus Christi	361.1	.1445	2.98	9,950	234,974	216,898	490	114,160	53	77,533	36	92	81
Dallas	2,481.9	.9934	2.62	14,501	2,415,537	2,270,820	3,635	905,153	40	939,355	41	111	119
El Paso	592.4	.2371	3.30	8,472	326,125	293,531	574	137,604	47	115,882	39	85	96
Fort Worth - Arlington	1,294.1	.5180	2.67	13,402	1,093,628	1,006,191	1,635	470,934	47	391,592	39	96	108
Galveston - Texas City	216.0	.0865	2.71	12,929	132,985	126,781	272	58,475	46	49,681	39	66	104
Houston	3,244.6	1.2987	2.69	13,324	2,193,458	2,054,313	3,833	842,735	41	893,210	43	95	123
Killeen - Temple	249.4	.0998	3.00	10,231	130,915	124,341	290	57,352	46	48,723	39	87	68
Laredo	126.3	.0505	3.69	6,112	59,305	58,370	112	26,923	46	22,872	39	74	83
Longview - Marshall	169.0	.0676	2.72	10,971	101,504	95,549	272	44,072	46	37,440	39	81	60
Lubbock	225.4	.0902	2.77	10,696	197,315	179,541	338	82,812	46	70,355	39	111	80
McAllen - Edinburg - Mission	384.8	.1541	3.59	6,135	132,478	125,911	299	58,075	46	49,340	39	62	76
Midland	110.1	.0441	2.70	14,464	68,165	64,947	152	29,957	46	25,449	39	77	83
Odessa	125.1	.0501	2.73	12,294	72,456	64,965	167	29,965	46	25,457	39	67	75
San Angelo	99.7	.0399	2.70	11,700	53,560	50,704	119	23,387	46	19,868	39	86	75
San Antonio	1,321.0	.5287	2.91	10,650	1,066,959	993,919	1,788	471,272	47	389,052	39	103	85
Sherman - Denison	97.9	.0392	2.56	11,986	50,632	49,064	134	22,630	46	19,226	39	65	68
Texarkana	122.0	.0488	2.69	9,932	65,848	65,403	145	30,088	46	25,617	39	87	76
Tyler	153.1	.0612	2.70	12,007	101,419	100,103	199	46,170	46	39,226	39	88	74
Victoria	75.9	.0304	2.90	10,796	44,464	42,105	111	19,420	46	16,500	39	74	62
Waco	191.8	.0768	2.70	10,256	140,021	131,265	260	60,544	46	51,438	39	99	78
Wichita Falls	125.9	.0504	2.71	10,808	112,303	105,914	183	48,852	46	41,503	39	169	77
Non-Metro Portion of State	3,236.8	1.2957	2.78	9,416	1,158,570	1,126,373	3,912	663,763	59	378,573	34	58	56
State Total	**16,983.7**	**6.7978**	**2.77**	**11,686**	**11,379,217**	**10,692,474**	**21,625**	**4,856,689**	**45**	**4,273,035**	**40**	**90**	**93**

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	12/31/89			1989									
						Eating Place		Fast Food		Restaurant			
STATE Metro Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
UTAH													
Provo - Orem	252.2	.1009	3.65	7,417	78,002	76,929	234	39,430	51	30,328	39	78	87
Salt Lake City - Ogden	1,069.0	.4278	3.06	10,426	627,836	607,649	1,214	310,805	51	233,974	39	93	105
Non-Metro Portion of State	398.7	.1597	3.28	8,634	153,294	148,034	537	66,278	45	69,962	47	79	70
State Total	**1,719.9**	**.6884**	**3.19**	**9,569**	**859,132**	**832,612**	**1,985**	**416,513**	**50**	**334,264**	**40**	**88**	**93**
VERMONT													
Burlington	136.6	.0547	2.69	14,234	146,152	135,919	207	36,760	27	86,374	64	107	116
Non-Metro Portion of State	425.6	.1703	2.59	11,718	327,623	303,240	759	82,248	27	193,254	64	85	74
State Total	**562.2**	**.2250**	**2.61**	**12,329**	**473,775**	**439,159**	**966**	**119,008**	**27**	**279,628**	**64**	**91**	**83**
VIRGINIA													
Charlottesville	128.0	.0511	2.60	13,758	93,575	92,166	183	40,236	44	40,526	44	87	110
Danville	111.2	.0445	2.73	11,133	61,454	60,696	142	26,491	44	26,684	44	82	90
Lynchburg	149.3	.0596	2.85	12,025	86,554	85,357	202	37,256	44	37,526	44	92	92
Norfolk - Virginia Beach - Newport News	1,380.9	.5526	2.90	12,645	1,010,922	988,588	1,809	463,164	47	428,638	43	106	104

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MASSACHUSETTS: Arsenal Mall, Watertown; Atrium, Chestnut Hill; Emerald Square, North Attleboro; Greendale Mall, Worcester; Liberty Tree Mall,
NEW HAMPSHIRE: The Mall • Rockingham Park, Salem (opening August 1991); Fox Run Mall, Newington; The Mall of New Hampshire,

	12/31/89			1989									
					Eating Place		Fast Food		Restaurant				
STATE Metro Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Richmond - Petersburg	855.0	.3424	2.73	14,491	602,159	593,605	1,169	273,743	46	242,070	41	95	113
Roanoke	229.6	.0918	2.57	12,870	180,719	177,822	378	77,616	44	78,182	44	105	87
Non-Metro Portion of State	1,728.8	.6923	2.87	10,733	757,966	751,454	1,829	403,609	54	287,106	38	70	107
State Total	**6,104.4**	**2.4434**	**2.78**	**14,329**	**4,246,265**	**4,194,110**	**7,632**	**1,825,246**	**44**	**1,871,325**	**45**	**97**	**117**
WASHINGTON													
Bellingham	121.9	.0487	2.56	11,513	101,616	89,430	208	33,122	37	49,665	56	82	66
Bremerton	181.5	.0726	2.65	12,842	94,902	85,071	170	31,507	37	47,244	56	72	107
Olympia	157.6	.0631	2.52	12,875	107,030	97,137	196	35,977	37	53,944	56	79	89
Richland - Kennewick - Pasco	149.0	.0596	2.73	14,126	87,710	81,060	177	30,023	37	45,016	56	81	123
Seattle	1,866.9	.7472	2.46	17,199	1,883,682	1,780,920	2,916	612,027	34	998,762	56	115	114
Spokane	358.1	.1434	2.51	11,423	279,922	261,697	505	113,213	43	127,173	49	91	82
Tacoma	562.3	.2250	2.64	11,235	394,712	366,116	620	140,853	38	204,624	56	102	88
Vancouver	224.8	.0900	2.65	12,654	139,810	123,572	259	45,767	37	68,625	56	85	92
Yakima	187.8	.0752	2.67	10,475	103,000	95,762	221	35,469	37	53,181	56	81	82
Non-Metro Portion of State	873.7	.3498	2.55	11,891	539,876	488,621	1,356	178,652	37	294,093	60	80	68
State Total	**4,683.6**	**1.8746**	**2.54**	**14,003**	**3,732,260**	**3,469,386**	**6,628**	**1,256,610**	**36**	**1,942,327**	**56**	**99**	**96**

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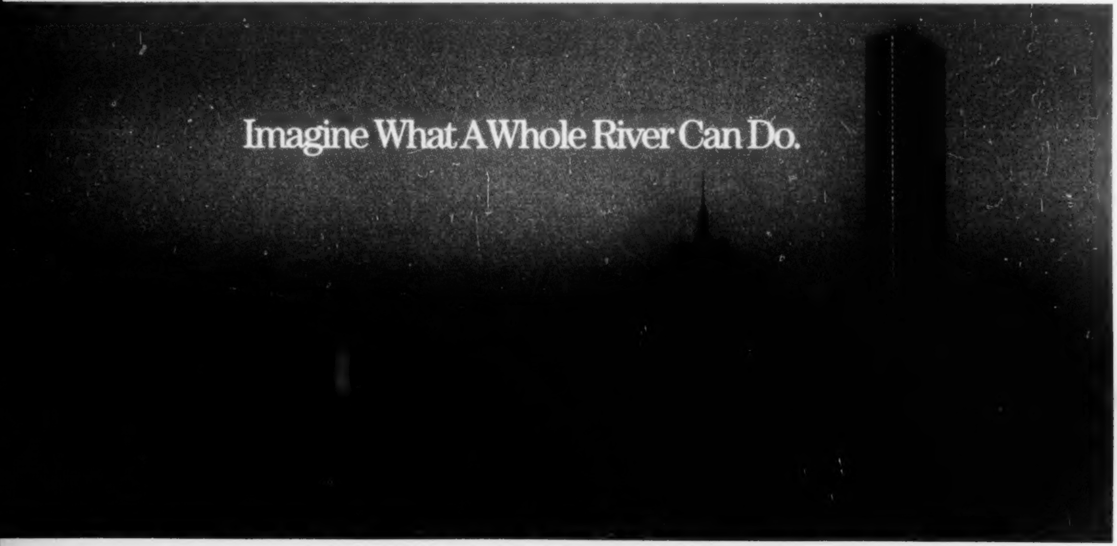

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For information circle number 126

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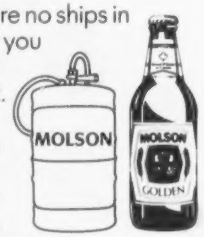
There's no ocean between our beer and your bar. So there are no ships in the shipping costs. Because we're so close, we can afford to give you a price that's a lot nearer and dearer to your bottom line.

Which makes Molson just as satisfying to serve as to drink. Every time you pour a glass of Molson Golden, Light, Molson Canadian or Export Ale, more of it ends up in your pocket. In the form of nice, dry cash.

And in a declining import market, Canadian beers continue to outpace the category and Molson, the #1 Canadian import, continues to dominate.



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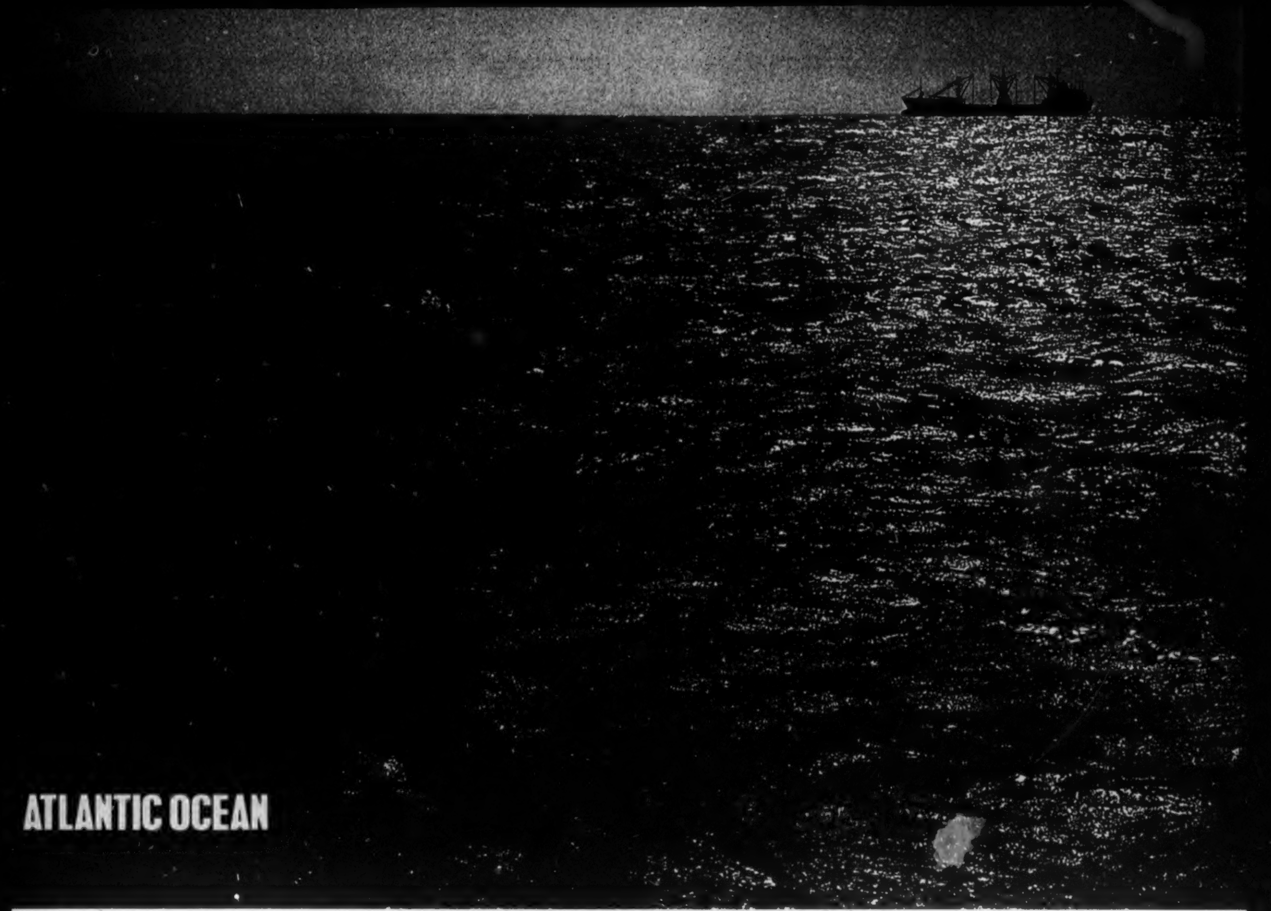
23RD ANNUAL RGI
METRO REPORT

STATE Metro Name	Population (Thous.) 12/31/89	% Of U.S. 12/31/89	Average House-hold Size 12/31/89	Per Capita EBi 1989	Eating & Drinking Place Sales ($000) 1989	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
WEST VIRGINIA													
Charleston	261.4	.1047	2.47	11,436	186,707	180,817	357	107,540	59	57,344	32	103	83
Huntington - Ashland	328.8	.1316	2.64	9,509	168,608	163,013	357	96,795	59	51,836	32	94	78
Parkersburg - Marietta	156.6	.0627	2.60	10,386	100,217	96,067	187	57,380	60	30,236	31	101	85
Steubenville - Weirton	149.8	.0601	2.63	10,888	61,270	54,856	174	26,199	48	23,578	43	69	83
Wheeling	174.0	.0697	2.53	10,471	89,429	80,294	195	48,051	60	25,184	31	76	79
Non-Metro Portion of State	1,206.9	.4828	2.65	8,536	435,693	422,661	1,200	261,663	62	129,674	31	63	74
State Total	**1,896.6**	**.7591**	**2.60**	**9,283**	**879,329**	**844,942**	**2,088**	**518,499**	**61**	**258,115**	**31**	**77**	**76**
WISCONSIN													
Appleton - Oshkosh - Neenah	315.4	.1262	2.68	12,756	214,263	184,126	391	73,051	40	93,776	51	103	104
Eau Claire	140.0	.0560	2.72	11,023	92,976	75,118	185	28,494	38	40,897	54	83	82
Green Bay	193.6	.0775	2.64	12,091	144,939	128,548	247	48,763	38	69,986	54	105	100
Janesville - Beloit	139.2	.0557	2.64	12,842	99,639	84,334	201	31,990	38	45,915	54	83	77
Kenosha	122.8	.0492	2.73	15,261	78,402	66,427	156	25,198	38	36,165	54	128	100
La Crosse	96.5	.0386	2.62	12,493	94,642	81,772	154	31,018	38	44,520	54	138	94



23RD ANNUAL RGI
METRO REPORT

STATE Metro Name	12/31/89			1989									
	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Eating Place Sales ($000)	Eating Place Units	Fast Food Sales ($000)	Fast Food Market Share (%)	Restaurant Sales ($000)	Restaurant Market Share (%)	RAI	RGI
Madison	353.9	1416	2.46	14,786	292,395	256,535	537	97,377	38	143,423	56	108	106
Milwaukee	1,404.4	5621	2.58	14,858	1,005,487	888,893	1,799	343,438	39	454,606	51	93	114
Racine	174.3	0698	2.69	13,142	111,249	99,019	234	37,561	38	53,910	54	97	90
Sheboygan	103.9	0416	2.66	13,515	62,524	53,702	117	20,372	38	29,237	54	84	108
Wausau	114.4	.0458	2.72	11,331	60,198	53,877	147	20,438	38	29,332	54	82	82
Non-Metro Portion of State	1,640.6	6568	2.67	10,675	921,973	771,685	2,506	258,721	34	482,844	63	84	60
State Total	**4,891.1**	**1.9577**	**2.63**	**12,776**	**3,237,239**	**2,790,925**	**6,805**	**1,035,127**	**37**	**1,549,300**	**56**	**93**	**87**
WYOMING													
Casper	65.8	.0263	2.56	11,383	40,323	36,662	106	15,076	41	19,937	54	81	83
Cheyenne	74.3	.0298	2.47	9,946	64,834	59,200	106	24,344	41	32,192	54	135	83
Non-Metro Portion of State	341.8	.1368	2.66	10,285	199,799	172,571	563	67,311	39	99,826	58	94	76
State Total	**481.9**	**.1929**	**2.61**	**10,383**	**304,956**	**268,433**	**775**	**106,731**	**40**	**151,955**	**57**	**98**	**78**
United States Total	**249,840.3**	**100.0000**	**2.67**	**13,158**	**173,702,476**	**162,665,464**	**327,741**	**65,466,353**	**40**	**78,315,232**	**48**	**100**	**100**

23RD ANNUAL RGI

1989

ADI REPORT

This section covers the 209 Areas of Dominant Influence of a TV signal.

ADI Name	12/31/89			1989									
	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Eating Place		Fast Food		Restaurant		RAI	RGI
						Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)		
Abilene - Sweetwater	302.3	.1211	2.66	9,937	147,197	141,390	396	73,402	52	51,826	37	88	57
Albany, Ga.	401.2	.1607	2.89	9,087	157,476	151,156	400	87,193	58	51,526	34	62	96
Albany - Schenectady - Troy	1,310.1	.5244	2.64	13,466	968,756	907,242	2,089	286,915	32	510,569	56	82	84
Albuquerque	1,451.5	.5809	2.79	9,875	893,323	835,787	2,034	374,402	45	382,250	46	106	77
Alexandria, La.	259.1	.1037	2.93	8,058	102,770	98,969	216	51,165	52	33,795	34	66	87
Alpena	42.3	.0168	2.63	10,639	23,187	20,213	62	8,146	40	11,007	54	86	59
Amarillo	476.4	.1905	2.68	11,189	276,853	264,806	751	132,918	50	100,461	38	82	62
Anniston	125.3	.0501	2.75	9,411	63,575	61,274	112	37,165	61	18,224	30	127	102
Ardmore - Ada	195.0	.0782	2.62	7,463	76,197	74,766	231	41,893	56	23,113	31	63	57
Atlanta	3,748.4	1.5001	2.68	13,549	3,076,031	2,935,234	5,133	1,423,921	49	1,151,822	39	125	109
Augusta	592.7	.2370	2.82	10,334	280,711	271,700	563	143,169	53	93,223	34	83	111
Austin, Tex.	914.8	.3661	2.58	12,471	783,039	741,933	1,488	336,351	45	311,437	42	91	81
Bakersfield	534.9	.2141	2.83	12,445	288,338	270,748	626	140,286	52	118,478	44	72	93
Baltimore	2,558.9	1.0243	2.72	14,340	1,886,948	1,725,065	3,023	714,807	41	733,090	42	108	122
Bangor	323.3	.1293	2.71	10,953	188,440	183,223	529	66,055	36	104,822	57	65	65
Baton Rouge	747.2	.2969	2.94	10,227	367,061	348,767	699	178,065	51	122,087	35	64	114
Beaumont - Port Arthur	444.3	.1777	2.75	11,751	226,256	215,300	465	110,314	51	77,069	36	82	103
Bend	72.3	.0290	2.62	10,274	62,371	58,501	136	23,934	41	31,481	54	97	59
Billings - Hardin	219.7	.0880	2.56	10,361	149,425	123,906	389	48,411	39	67,648	55	81	68
Biloxi - Gulfport - Pascagoula	321.2	.1285	2.82	10,554	173,299	164,855	375	97,408	59	49,176	30	97	92
Binghamton	433.8	.1737	2.71	12,395	243,477	216,015	511	66,757	31	115,273	53	68	96
Birmingham	1,353.7	.5420	2.62	10,371	693,436	678,926	1,369	389,495	57	213,792	31	90	97
Bluefield - Beckley - Oak Hill	395.4	.1583	2.70	8,419	129,943	127,022	338	77,217	61	40,145	32	59	87
Boise	428.9	.1716	2.71	10,990	246,615	228,277	600	101,705	45	110,679	48	91	85
Boston	5,611.7	2.2462	2.64	17,076	5,630,624	5,309,318	8,561	1,449,625	27	3,161,722	60	115	112
Bowling Green	129.1	.0517	2.78	8,727	69,582	67,760	135	44,109	65	19,606	29	96	86
Bristol - Kingsport - Johnson City	842.1	.3371	2.73	10,179	313,476	309,294	809	187,823	61	93,844	30	71	98
Buffalo	1,680.8	.6727	2.70	11,971	1,064,180	968,473	2,502	370,574	38	476,145	49	85	74
Burlington - Plattsburgh	653.6	.2617	2.71	11,593	488,023	447,666	1,007	131,650	29	274,713	61	85	83
Butte	126.7	.0508	2.56	10,258	84,743	67,391	245	25,574	38	37,616	56	86	59
Casper - Riverton	118.8	.0475	2.66	10,428	61,561	55,856	192	22,583	40	31,075	56	74	74
Cedar Rapids - Waterloo - Dubuque	822.6	.3292	2.64	11,559	455,281	406,311	1,126	177,586	44	195,969	48	80	76
Charleston, S.C.	640.6	.2564	2.88	9,658	421,772	405,254	700	170,270	42	190,565	47	104	102
Charleston - Huntington	1,387.6	.5553	2.69	9,259	624,236	600,368	1,433	351,680	59	200,341	33	80	78
Charlotte	1,942.1	.7776	2.64	11,872	1,222,817	1,197,852	2,534	631,309	53	441,972	37	94	98
Charlottesville	106.3	.0425	2.56	14,221	91,475	90,066	169	39,292	44	39,579	44	91	109
Chattanooga	824.4	.3303	2.67	10,512	405,024	400,238	989	236,343	59	136,513	34	80	90
Cheyenne - Scottsbluff	111.8	.0448	2.52	10,057	84,511	77,241	168	32,642	42	40,780	53	102	74
Chicago	8,558.9	3.4257	2.72	14,590	6,157,456	5,748,789	10,777	2,149,177	37	2,886,222	50	115	113
Chico - Redding	412.9	.1652	2.57	10,913	248,684	229,235	591	87,104	38	123,244	54	86	67
Cincinnati	2,001.7	.8011	2.66	12,608	1,411,386	1,314,440	2,500	574,942	44	595,431	45	101	99
Clarksburg - Weston	329.9	.1319	2.59	8,473	133,323	129,439	399	80,167	62	39,738	31	65	59
Cleveland	3,814.4	1.5268	2.62	12,814	2,265,554	2,088,496	4,936	932,607	45	966,615	46	94	91
Colorado Springs - Pueblo	627.5	.2510	2.68	10,733	389,218	355,220	903	147,206	41	170,158	48	102	75
Columbia, S.C.	828.8	.3319	2.77	10,777	468,287	456,446	915	216,799	47	171,292	38	97	102
Columbia - Jefferson City	353.5	.1417	2.78	11,318	184,641	174,053	469	90,147	52	69,222	40	87	78
Columbus, Ga.	515.3	.2064	2.77	9,941	235,724	227,655	526	130,841	57	75,020	33	86	97
Columbus - Tupelo	458.3	.1832	2.77	8,355	138,670	134,960	417	87,895	65	36,059	27	59	88

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ADI REPORT

ADI Name	12/31/89 Population (Thous.)	12/31/89 % Of U.S.	12/31/89 Average House-hold Size	1989 Per Capita EBI	1989 Eating & Drinking Place Sales ($000)	1989 Eating Place Sales ($000)	1989 Eating Place Units	1989 Fast Food Sales ($000)	1989 Fast Food Market Share (%)	1989 Restaurant Sales ($000)	1989 Restaurant Market Share (%)	RAI	RGI
Columbus, Ohio	1,796.0	.7188	2.60	12,024	1,160,943	1,074,927	2,279	537,857	50	441,283	41	99	96
Corpus Christi	523.4	.2094	3.00	9,413	298,621	277,395	696	149,802	54	97,868	35	81	73
Dallas - Ft. Worth	4,528.8	1.8129	2.64	13,510	3,836,099	3,593,381	6,186	1,556,025	43	1,439,908	40	101	107
Davenport - Rock Island - Moline	828.1	.3312	2.60	12,310	445,812	390,989	1,127	184,967	47	175,201	45	82	77
Dayton	1,324.3	.5301	2.61	12,551	801,850	746,040	1,661	390,784	52	288,669	39	90	93
Denver	2,645.4	1.0593	2.53	13,559	2,068,824	1,912,371	4,325	667,951	35	1,005,483	53	107	88
Des Moines	973.2	.3897	2.51	11,812	553,319	503,153	1,333	214,093	43	240,090	48	72	81
Detroit	4,661.7	1.8660	2.69	13,967	3,395,147	3,138,280	5,553	1,289,488	41	1,473,053	47	120	110
Dothan	317.7	.1272	2.72	9,126	146,207	142,339	302	84,541	59	46,472	33	82	88
Duluth - Superior	435.2	.1740	2.62	10,882	234,580	198,011	665	72,421	37	110,429	56	78	65
El Centro - Yuma	212.5	.0851	3.04	8,738	88,238	81,033	242	31,455	39	45,530	56	64	77
El Paso	747.5	.2991	3.20	8,436	395,206	355,555	745	165,357	47	144,186	41	86	91
Elmira	235.7	.0942	2.74	10,660	129,040	116,568	299	40,005	34	61,099	52	75	78
Erie	419.0	.1676	2.69	11,949	256,356	229,274	544	86,861	38	115,321	50	88	82
Eugene	496.4	.1986	2.57	10,749	354,263	328,064	808	131,639	40	173,507	53	106	66
Eureka	139.9	.0560	2.53	11,711	76,991	69,444	275	26,206	38	40,941	59	68	60
Evansville	703.1	.2813	2.63	11,172	349,323	328,666	868	180,582	55	120,703	37	80	86
Fargo	596.6	.2386	2.71	10,141	338,807	284,348	829	131,732	46	143,225	50	85	67
Flagstaff	97.5	.0390	3.14	9,221	80,239	74,375	162	29,498	40	40,265	54	111	107
Flint - Saginaw - Bay City	1,263.8	.5058	2.76	11,311	696,513	621,078	1,434	266,361	43	316,478	51	89	86
Florence, S.C.	428.5	.1715	2.76	9,157	353,904	335,473	724	164,205	49	141,129	42	116	81
Ft. Myers - Naples	596.6	.2388	2.34	13,815	487,894	470,338	856	154,197	33	279,408	59	92	82
Ft. Smith	525.7	.2104	2.66	9,937	260,659	256,486	647	140,796	55	85,088	33	77	72
Ft. Wayne	642.7	.2570	2.73	11,530	417,172	386,083	848	179,775	47	182,761	47	108	88
Fresno - Visalia	1,312.3	.5252	2.94	11,149	668,508	630,545	1,517	273,468	43	313,436	50	77	86
Gainesville	231.3	.0924	2.60	11,165	154,720	147,607	332	55,120	37	79,342	54	91	92
Grand Junction - Durango	176.4	.0706	2.64	10,669	135,688	124,736	291	42,628	34	71,042	57	120	86
Grand Rapids - Kalamazoo - Battle Creek	1,661.7	.6652	2.75	12,572	906,489	835,253	2,011	335,384	40	434,427	52	95	97
Great Falls	172.1	.0688	2.58	10,286	92,908	71,762	304	27,960	39	39,175	55	70	59
Green Bay - Appleton	1,030.7	.4125	2.67	11,523	643,853	556,708	1,402	206,774	37	312,517	56	93	81
Greensboro - Winston-Salem - High Point	1,334.8	.5343	2.58	12,486	858,251	846,249	1,758	404,863	48	316,415	37	110	95
Greenville - New Bern - Washington	698.6	.2797	2.79	9,326	348,714	336,667	798	185,367	55	123,092	37	86	77
Greenville - Spartanburg - Asheville	1,682.4	.6732	2.60	10,609	934,773	920,129	2,160	489,291	53	344,518	37	85	86
Greenwood - Greenville	251.3	.1005	3.01	7,053	80,529	80,144	240	51,662	64	21,341	27	57	76
Hagerstown	118.5	.0474	2.74	11,724	55,608	50,234	146	21,105	42	22,423	45	69	102
Harrisburg - York - Lancaster - Lebanon	1,492.4	.5971	2.63	13,370	1,010,872	926,712	1,815	348,848	38	501,391	54	87	112
Harrisonburg	209.2	.0838	2.85	10,794	102,874	101,778	268	54,978	54	38,407	38	81	99
Hartford - New Haven	2,456.9	.9834	2.69	16,489	1,955,961	1,844,835	3,560	593,185	32	1,013,707	55	99	108
Helena	48.0	.0192	2.45	11,413	34,496	28,564	87	10,801	38	15,886	56	72	69
Houston	3,975.4	1.5914	2.72	13,071	2,528,603	2,376,625	4,700	1,007,064	42	1,012,629	43	89	116
Huntsville - Decatur - Florence	788.1	.3155	2.63	11,065	445,136	433,022	874	279,461	65	119,101	28	95	97
Idaho Falls - Pocatello	317.6	.1273	3.00	9,771	151,099	138,119	418	61,440	44	69,175	50	81	81
Indianapolis	2,349.8	.9407	2.68	12,072	1,678,218	1,576,087	3,152	837,293	53	558,777	35	126	92
Jackson, Miss.	824.6	.3302	2.82	9,610	352,213	347,912	784	191,485	55	116,407	33	82	107
Jackson, Tenn.	154.4	.0617	2.61	10,142	58,965	56,939	173	31,521	55	20,973	37	68	87
Jacksonville	1,250.3	.5005	2.67	12,027	869,392	824,618	1,586	420,627	51	339,203	41	104	110
Johnstown - Altoona	788.1	.3155	2.72	10,125	400,513	367,743	920	140,273	38	184,541	50	76	70

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ADI REPORT

	12/31/89			1989									
						Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Jonesboro	207.2	.0829	2.64	8,786	80,841	80,232	221	48,107	60	26,143	33	61	70
Joplin - Pittsburg	368.0	.1469	2.57	9,708	184,323	177,722	567	89,711	50	68,002	38	91	54
Kansas City	2,000.6	.8010	2.63	13,500	1,338,376	1,278,537	2,561	619,282	48	518,183	41	104	106
Knoxville	1,048.2	.4196	2.61	10,525	615,364	600,031	1,253	299,833	50	258,142	43	102	95
La Crosse - Eau Claire	456.7	.1828	2.70	10,866	286,665	241,051	639	88,605	37	136,825	57	94	73
Lafayette, Ind.	125.8	.0504	2.80	11,929	96,099	88,196	166	45,857	52	34,186	39	123	100
Lafayette, La.	561.8	.2249	2.88	9,192	234,690	225,734	529	119,090	53	75,624	34	57	90
Lake Charles	215.2	.0862	2.82	10,133	102,155	98,917	195	48,626	49	35,260	36	60	103
Lansing	630.0	.2522	2.80	12,443	390,261	353,483	727	155,733	44	175,168	50	105	105
Laredo	135.3	.0541	3.65	6,080	61,417	60,482	124	28,164	47	23,579	39	74	79
Las Vegas	681.6	.2728	2.44	13,475	572,086	490,544	862	203,696	42	213,716	44	99	413
Laurel - Hattiesburg	249.7	.1002	2.75	8,906	92,042	90,480	267	58,450	65	24,149	27	69	79
Lexington	966.7	.3871	2.71	9,939	576,564	561,537	1,112	317,435	57	191,445	34	98	90
Lima	114.6	.0459	2.73	11,318	80,677	76,104	164	36,089	47	32,965	43	102	80
Lincoln - Hastings - Kearney	625.2	.2503	2.55	11,478	349,271	306,679	941	141,526	46	143,587	47	90	72
Little Rock	1,251.8	.5012	2.70	10,247	613,511	602,045	1,466	320,641	53	214,266	36	80	86
Los Angeles	13,199.8	5.2833	2.79	15,384	11,766,732	11,203,415	17,209	4,237,349	38	5,810,051	52	131	114
Louisville	1,442.2	.5774	2.72	11,181	921,584	873,092	1,562	487,138	56	310,968	36	109	103
Lubbock	392.9	.1572	2.83	9,600	247,834	229,783	555	112,466	49	87,264	38	88	67
Macon	502.7	.2012	2.85	10,969	252,350	241,787	549	130,709	54	86,629	36	95	104
Madison	710.0	.2840	2.53	13,172	519,120	449,599	1,072	165,830	37	257,380	57	98	86
Mankato	63.7	.0254	2.71	10,508	45,848	38,774	97	14,518	37	22,089	57	61	66
Marquette	155.2	.0621	2.77	9,630	77,131	65,733	214	26,400	40	35,960	55	62	55
McAllen - Brownsville	708.9	.2838	3.54	6,256	262,736	246,523	604	114,835	47	96,099	39	66	73
Medford	361.0	.1445	2.57	9,899	225,694	205,508	604	81,899	40	110,456	54	86	52
Memphis	1,680.9	.6726	2.76	10,078	724,185	708,391	1,750	371,722	52	251,425	35	85	102
Meridian	182.4	.0729	2.73	9,016	62,956	62,006	175	40,507	65	16,413	26	62	88
Miami - Ft. Lauderdale	3,219.5	1.2886	2.46	14,403	2,535,097	2,352,604	4,718	752,738	32	1,329,223	57	109	107
Milwaukee	2,025.8	.8110	2.62	14,349	1,399,420	1,231,282	2,656	467,857	38	650,981	53	96	105
Minneapolis - St. Paul	3,610.7	1.4456	2.67	13,674	2,645,676	2,401,452	4,569	878,797	37	1,272,810	53	108	110
Minot - Bismarck - Dickinson - Glendive	398.5	.1595	2.77	10,123	194,163	157,586	538	74,583	47	77,701	49	78	74
Missoula	195.0	.0781	2.53	10,300	138,743	112,454	362	42,634	38	62,707	56	83	55
Mobile - Pensacola	1,131.0	.4527	2.73	11,003	665,615	627,330	1,326	321,518	51	253,793	40	100	93
Monroe - El Dorado	513.0	.2054	2.79	8,118	199,680	195,129	459	105,412	54	65,006	33	61	83
Montgomery - Selma	623.5	.2496	2.76	9,148	277,172	269,207	526	171,926	64	75,027	28	88	110
Nashville	1,869.4	.7478	2.66	11,713	1,109,167	1,087,166	2,167	562,027	52	438,740	40	105	105
New Orleans	1,755.5	.7028	2.74	10,599	1,279,920	1,196,609	2,057	512,131	43	494,910	41	89	100
New York	18,725.0	7.4945	2.63	17,049	13,756,525	12,798,798	24,194	3,261,632	25	7,080,200	55	100	117
Norfolk - Portsmouth - Newport News - Hampton	1,638.7	.6559	2.87	12,167	1,141,976	1,118,150	2,132	534,727	48	476,572	43	101	100
North Platte	47.8	.0191	2.63	11,023	28,170	25,989	81	11,981	46	12,377	48	108	68
Odessa - Midland	391.6	.1567	2.81	11,582	198,087	184,803	562	92,330	50	69,389	38	67	67
Oklahoma City	1,534.1	.6138	2.58	10,389	1,002,278	973,819	2,423	466,093	48	353,052	36	98	64
Omaha	961.3	.3847	2.64	12,527	638,120	562,371	1,347	249,434	44	262,689	47	99	85
Orlando - Daytona Beach - Melbourne	2,221.1	.8892	2.50	12,696	1,972,561	1,874,074	2,964	675,038	36	1,026,512	55	112	117
Ottumwa - Kirksville	74.7	.0300	2.59	9,327	28,506	26,888	96	13,801	51	11,668	43	65	60
Paducah - Cape Girardeau - Harrisburg - Marion	869.7	.3480	2.58	9,792	375,412	357,513	1,111	208,379	58	127,545	36	76	63
Palm Springs	1,054.0	.4219	2.76	13,167	749,905	718,908	1,154	320,679	45	369,131	51	93	99
Panama City	188.5	.0753	2.65	9,221	147,650	134,743	317	50,725	38	72,355	54	99	66
Parkersburg	99.4	.0398	2.54	10,373	69,769	67,427	125	42,762	63	18,898	28	106	85

23RD ANNUAL RGI

ADI REPORT

	12/31/89			1989									
						Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average House-hold Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Peoria - Bloomington	599.3	.2398	2.65	13,775	346,130	321,195	823	147,528	46	135,660	42	99	92
Philadelphia	7,307.3	2.9247	2.67	14,827	5,146,531	4,668,660	9,068	1,564,766	34	2,448,254	52	91	135
Phoenix	2,585.4	1.0348	2.56	12,617	1,796,060	1,670,120	3,381	670,238	40	807,479	48	86	102
Pittsburgh	3,016.3	1.2074	2.58	12,336	1,735,194	1,580,462	3,701	606,036	38	783,084	50	85	87
Portland, Ore.	2,135.6	.8548	2.55	12,673	1,677,488	1,529,551	3,277	582,682	38	814,249	53	112	84
Portland - Poland Spring	959.0	.3840	2.59	13,290	824,087	797,196	1,717	276,437	35	463,637	58	95	80
Presque Isle	85.3	.0341	2.87	10,301	33,623	31,285	95	11,248	36	17,850	57	57	86
Providence - New Bedford	1,514.5	.6062	2.70	13,565	1,260,563	1,156,018	2,285	402,723	35	641,432	55	102	84
Quincy - Hannibal	306.6	.1226	2.61	10,166	120,422	104,055	398	55,386	53	42,257	41	70	61
Raleigh - Durham	1,819.8	.7282	2.69	11,589	1,217,359	1,196,309	2,301	609,693	51	461,552	39	105	98
Rapid City	249.7	.1001	2.69	10,303	140,885	124,479	394	49,297	40	68,689	55	86	63
Reno	421.9	.1688	2.43	14,479	291,727	263,207	651	108,998	41	124,427	47	90	259
Richmond	1,134.0	.4541	2.78	13,359	684,000	674,085	1,401	317,075	47	273,156	41	87	113
Roanoke - Lynchburg	1,048.3	.4194	2.78	11,394	548,019	541,669	1,305	258,527	48	225,436	42	86	100
Rochester, N.Y.	953.1	.3814	2.67	14,435	700,693	654,739	1,252	251,647	38	320,551	49	84	108
Rochester - Mason City - Austin	370.9	.1484	2.57	11,680	197,313	182,580	518	71,983	39	97,468	53	81	79
Rockford	417.1	.1669	2.62	13,280	248,276	226,819	529	98,517	43	103,530	46	83	93
Sacramento - Stockton	2,961.2	1.1852	2.70	13,214	2,049,954	1,927,010	3,997	832,773	43	974,934	51	101	87
St. Joseph	125.1	.0502	2.60	11,419	63,487	58,805	164	28,846	49	23,444	40	89	78
St. Louis	3,013.2	1.2062	2.71	13,299	2,004,003	1,866,942	3,798	897,004	48	694,752	37	112	101
Salinas - Monterey	629.7	.2521	2.90	14,162	534,727	494,300	964	173,928	35	294,325	60	121	93
Salisbury	252.8	.1011	2.66	11,270	279,136	267,090	541	108,947	41	139,899	52	145	66
Salt Lake City	1,878.4	.7519	3.15	9,669	928,895	892,150	2,200	441,366	49	367,574	41	88	95
San Angelo	136.7	.0546	2.72	10,913	66,752	63,780	180	31,161	49	24,296	38	80	64
San Antonio	1,699.0	.6800	2.93	10,097	1,185,268	1,108,875	2,210	538,972	49	427,662	39	93	79
San Diego	2,486.5	.9952	2.74	15,391	2,175,907	2,057,474	3,152	795,942	39	1,092,607	53	121	115
San Francisco - Oakland - San Jose	5,725.8	2.2919	2.57	18,192	5,508,192	5,193,767	9,403	1,741,564	34	2,876,146	55	122	110
Santa Barbara - Santa Maria - San Luis Obispo	562.1	.2250	2.65	14,414	539,512	514,871	1,022	179,395	35	313,468	61	104	78
Savannah	658.5	.2638	2.85	10,426	387,807	373,441	794	197,167	53	141,163	38	99	97
Seattle - Tacoma	3,333.0	1.3338	2.50	14,900	2,889,325	2,701,295	4,903	956,751	35	1,524,238	56	105	99
Shreveport - Texarkana	1,058.9	.4236	2.71	9,590	439,779	430,134	1,031	230,435	54	155,006	36	70	85
Sioux City	412.8	.1652	2.60	9,848	190,197	164,364	610	73,308	45	79,810	49	70	58
Sioux Falls - Mitchell	612.8	.2452	2.63	9,969	305,312	264,062	936	100,319	38	149,099	56	79	61
South Bend - Elkhart	872.0	.3492	2.69	11,469	510,339	474,574	1,224	234,671	49	198,081	42	100	75
Spokane	857.5	.3433	2.60	11,101	520,768	469,427	1,228	198,450	42	240,145	51	75	73
Springfield, Mass.	665.3	.2662	2.67	13,555	531,466	479,740	914	158,183	33	282,252	59	106	91
Springfield, Mo.	818.7	.3276	2.65	9,695	432,941	415,438	1,171	216,080	52	163,341	39	93	64
Springfield - Decatur - Champaign	896.9	.3590	2.59	12,362	594,040	537,707	1,181	243,025	45	239,832	45	103	88
Syracuse	954.6	.3823	2.77	12,675	657,887	604,612	1,388	212,903	35	303,016	50	86	86
Tallahassee - Thomasville	539.0	.2157	2.77	10,226	277,311	262,308	566	119,526	46	122,978	47	83	112
Tampa - St. Petersburg (Sarasota)	3,160.8	1.2652	2.37	13,066	2,320,176	2,200,114	4,044	814,707	37	1,176,754	53	93	96
Terre Haute	426.2	.1705	2.59	10,695	196,550	179,438	512	96,272	54	68,963	38	81	73
Toledo	1,112.0	.4451	2.67	12,233	668,080	607,432	1,555	271,884	45	280,503	46	95	78
Topeka	423.7	.1697	2.66	11,919	243,405	225,171	590	117,747	52	83,483	37	105	80
Traverse City - Cadillac	444.9	.1779	2.65	9,580	310,451	269,614	792	108,613	40	146,751	54	84	53
Tucson	798.4	.3196	2.55	10,776	439,093	404,102	1,005	172,525	43	195,338	48	85	84
Tulsa	1,205.8	.4827	2.58	10,136	732,069	710,131	1,662	353,841	50	246,306	35	85	71
Tuscaloosa	158.8	.0635	2.71	9,275	91,394	88,333	178	53,778	61	26,177	30	112	88
Twin Falls	85.4	.0342	2.81	10,098	34,194	31,619	112	14,422	46	15,307	48	73	68

	12/31/89			1989									
						Eating Place		Fast Food		Restaurant			
ADI Name	Population (Thous.)	% Of U.S.	Average Household Size	Per Capita EBI	Eating & Drinking Place Sales ($000)	Sales ($000)	Units	Sales ($000)	Market Share (%)	Sales ($000)	Market Share (%)	RAI	RGI
Tyler - Longview - Jacksonville	517.8	.2073	2.73	10,784	285,130	274,590	679	138,993	51	102,193	37	75	68
Utica	379.2	.1517	2.78	11,213	244,884	228,957	545	68,838	30	123,309	54	87	72
Victoria	75.9	.0304	2.90	10,796	44,464	42,105	111	19,420	46	16,500	39	74	62
Waco - Temple - Bryan	686.9	.2750	2.79	10,184	386,436	363,623	823	171,695	47	140,771	39	86	71
Washington, D.C.	4,524.9	1.8113	2.67	18,236	4,026,903	3,917,764	5,882	1,392,067	36	1,930,543	49	118	141
Watertown - Carthage	244.0	.0977	2.93	9,686	146,339	132,042	355	51,244	39	68,478	52	80	61
Wausau - Rhinelander	448.8	.1796	2.69	10,979	246,394	210,292	670	72,878	35	127,212	60	77	66
West Palm Beach - Ft. Pierce - Vero Beach	1,232.0	.4931	2.36	15,911	1,057,047	1,003,858	1,679	308,129	31	624,415	62	101	102
Wheeling - Steubenville	402.3	.1611	2.61	10,183	178,614	160,785	453	88,290	55	58,794	37	71	77
Wichita - Hutchinson	1,117.3	.4472	2.58	12,598	695,087	667,041	1,841	335,906	50	254,635	38	102	72
Wichita Falls - Lawton	442.2	.1772	2.72	9,555	247,919	236,351	598	119,188	50	85,405	36	96	63
Wilkes-Barre - Scranton	1,301.2	.5211	2.61	10,998	681,731	636,007	1,723	257,719	41	314,232	49	74	69
Wilmington	396.0	.1584	2.74	9,343	219,387	215,484	574	116,136	54	79,057	37	97	65
Yakima	477.5	.1912	2.69	11,690	280,779	256,886	614	96,226	37	144,227	56	82	88
Youngstown	742.3	.2970	2.65	11,612	378,753	344,444	967	154,998	45	153,583	45	87	73
Zanesville	99.9	.0400	2.66	9,590	50,365	46,954	130	24,091	51	19,528	42	78	64
Total U.S. ADIs	248,181.0	99.3360	2.67	13,151	171,430,505	160,571,974	325,078	64,760,761	40	77,269,009	48	100	100

POPCORN
HOT NACHOS
roundup

roundup

Heated Display Cabinet
Talk about a show-off! This display case has it all and it shows!—Holding cooked foods for hours in the correct "climate", heated and humidified. Food items are highlighted in the front illuminated Menu-Board and the warm glow inside the cabinet presents the food in the best possible "light", creating both customer excitement and operator profits.

Popcorn Popper
The Corn Popper features an 8 oz. popping kettle but only requires 20 inches of counter space. Production is 160 quarts of popped corn per hours. The built-in fan carries the aroma througout your service counter, attracting impulse customers anxious to buy popcorn and other snacks.

Nacho Package
The Nacho Cabinet features a chip chute to control chip breakage and needs only 125 watts to maintain chips at just the right temperature. The Cheese Dispensers have an adjustable pump to always release the right amount of cheese. For the crowning touch to your Nacho Platter, don't forget the Pepper Dispenser.

Hot Dog Package
The hot dogs are placed in a "corral" that moves up and down over a heated, flat surface. The temperature control allows the operator to maintain a hot dog for up to six hours. The corral lifts off the unit for easy cleaning. Gently warm the hot dog buns to an appetizing softness in a separate drawer.

For Personal Service
Ask for Tom Krisch

roundup™
FOOD EQUIPMENT DIVISION
A.J. ANTUNES & COMPANY

1045 W. National Ave. • Addison, Illinois 60101
Phone (708) 543-8650 • Telex No. 28-5348
Telefax No. (708) 543-0359

For information circle number 1

23RD ANNUAL RGI
METRO RANKING
TOTAL POPULATION
1989

Metro Area	Pop.(000)	Rank
Los Angeles - Long Beach	8,813.6	1
New York	8,602.1	2
Chicago	6,214.4	3
Philadelphia	4,934.9	4
Detroit	4,385.4	5
Washington	3,778.2	6
Boston - Lawrence - Salem - Lowell - Brockton	3,736.4	7
Houston	3,244.6	8
Atlanta	2,816.6	9
Nassau - Suffolk	2,669.9	10
San Diego	2,486.5	11
St. Louis	2,484.9	12
Dallas	2,481.9	13
Riverside - San Bernardino	2,434.1	14
Minneapolis - St. Paul	2,402.8	15
Baltimore	2,383.1	16
Anaheim - Santa Ana	2,314.0	17
Phoenix	2,108.6	18
Pittsburgh	2,105.4	19
Tampa - St. Petersburg - Clearwater	2,080.8	20
Oakland	2,049.4	21
Newark	1,896.4	22
Miami - Hialeah	1,885.9	23
Seattle	1,866.9	24
Cleveland	1,839.6	25
Denver	1,681.9	26
San Francisco	1,598.4	27
Kansas City	1,585.0	28
San Jose	1,456.2	29
Cincinnati	1,451.1	30
Sacramento	1,444.9	31
Milwaukee	1,404.4	32
Norfolk - Virginia Beach - Newport News	1,380.9	33
Columbus, Ohio	1,353.5	34
San Antonio	1,321.0	35
New Orleans	1,311.8	36
Fort Worth - Arlington	1,294.1	37
Bergen - Passaic	1,293.1	38
Fort Lauderdale - Hollywood - Pompano Beach	1,255.0	39
Indianapolis	1,254.9	40
Portland, Ore.	1,193.1	41
Charlotte - Gastonia - Rock Hill	1,127.9	42
Hartford - New Britain - Middletown - Bristol	1,125.4	43
Salt Lake City - Ogden	1,069.0	44
Orlando	1,044.2	45
Rochester, N.Y.	994.5	46
Middlesex - Somerset - Hunterdon	991.3	47
Nashville	987.6	48
Monmouth - Ocean	987.0	49
Memphis	986.3	50
Oklahoma City	973.7	51
Buffalo	968.2	52
Louisville	967.5	53
Dayton - Springfield	945.5	54
Greensboro - Winston-Salem - High Point	938.2	55
Birmingham	938.1	56
Jacksonville, Fla.	938.0	57
Providence - Pawtucket - Woonsocket	917.4	58
West Palm Beach - Boca Raton - Delray Beach	870.8	59
Albany - Schenectady - Troy	859.3	60
Richmond - Petersburg	855.0	61
Honolulu	853.7	62
Bridgeport - Stamford - Norwalk - Danbury	825.2	63
New Haven - Waterbury - Meriden	801.3	64
Austin	750.3	65
Tulsa	740.5	66
Scranton - Wilkes-Barre	740.3	67
Raleigh - Durham	698.5	68
Worcester - Fitchburg - Leominster	687.1	69
Allentown - Bethlehem - Easton	684.0	70
Oxnard - Ventura	673.2	71
Grand Rapids	669.0	72
Tucson	663.1	73
Las Vegas	661.4	74
Syracuse	656.1	75
Akron	654.5	76
Fresno	630.6	77
Greenville - Spartanburg	629.0	78
Toledo	620.8	79
Omaha	620.1	80
Gary - Hammond	619.2	81
Knoxville	609.7	82
Springfield, Mass.	595.7	83
Harrisburg - Lebanon - Carlisle	594.0	84
El Paso	592.4	85
Wilmington, Del.	579.6	86
Tacoma	562.3	87
Jersey City	541.9	88
Baton Rouge	539.6	89
Bakersfield	534.9	90
Little Rock - North Little Rock	519.2	91
Charleston, S.C.	514.2	92
Lake County, Ill.	508.2	93
Youngstown - Warren	507.0	94
Albuquerque	503.1	95
New Bedford - Fall River - Attleboro	498.1	96
Mobile	490.9	97
Stockton	479.4	98
Columbia, S.C.	461.2	99
Wichita	452.6	100
Johnson City - Kingsport - Bristol	452.1	101
Chattanooga	442.1	102
Vallejo - Fairfield - Napa	435.2	103
Lansing - East Lansing	434.8	104
Flint	433.7	105
Lancaster	415.7	106
Melbourne - Titusville - Palm Bay	413.9	107
York	413.7	108
Lakeland - Winter Haven	410.7	109
Saginaw - Bay City - Midland	408.9	110
Canton	406.8	111
Augusta	406.1	112
Jackson, Miss.	402.6	113
Colorado Springs	400.9	114
Des Moines	395.9	115
Joliet	388.9	116
McAllen - Edinburg - Mission	384.8	117
Santa Rosa - Petaluma	380.1	118
Fort Wayne	367.9	119
Davenport - Rock Island - Moline	367.5	120
Beaumont - Port Arthur	367.0	121
Aurora - Elgin	362.3	122
Corpus Christi	361.1	123
Daytona Beach	359.5	124
Pensacola	359.1	125
Shreveport	358.6	126
Spokane	358.1	127
Modesto	355.6	128
Salinas - Seaside - Monterey	355.0	129
Madison	353.9	130
Lexington-Fayette	349.6	131
Santa Barbara - Santa Maria - Lompoc	348.5	132
Peoria	346.9	133
Portsmouth - Dover - Rochester	345.2	134
Reading	333.3	135
Manchester - Nashua	333.1	136
Trenton	332.1	137
Huntington - Ashland	328.8	138
Fort Myers - Cape Coral	322.3	139
Utica - Rome	318.3	140
Atlantic City	316.7	141
Appleton - Oshkosh - Neenah	315.4	142
Montgomery	308.3	143
Visalia - Tulare - Porterville	307.7	144
Macon - Warner Robins	294.6	145
Orange County, N.Y.	294.3	146
Rockford	285.5	147
Evansville	284.5	148
Hamilton - Middletown	282.0	149
Erie	280.5	150
Ann Arbor	276.3	151
Lorain - Elyria	274.4	152
Salem, Ore.	272.1	153
Eugene - Springfield	271.6	154
Sarasota	266.8	155
Brownsville - Harlingen	266.6	156
Poughkeepsie	265.3	157
Binghamton	263.7	158
Fayetteville, N.C.	262.0	159
Charleston, W.Va.	261.4	160
Columbus, Ga.	256.1	161
New London - Norwich	255.6	162
Johnstown	253.0	163
Provo - Orem	252.2	164
Savannah	251.2	165
Killeen - Temple	249.4	166
Huntsville	247.1	167
Reno	246.0	168
Duluth	245.0	169
South Bend - Mishawaka	244.0	170
Fort Pierce	240.4	171
Santa Cruz	238.7	172
Springfield, Mo.	237.8	173
Portland, Me.	237.6	174
Tallahassee	235.7	175
Roanoke	229.6	176
Hickory - Morganton	227.4	177
Lubbock	225.4	178
Vancouver	224.8	179
Boulder - Longmont	223.2	180
Kalamazoo	220.6	181
Anchorage	220.2	182
Niagara Falls	219.3	183
Galveston - Texas City	216.0	184
Lincoln	212.1	185
Gainesville	211.8	186
Lafayette, La.	210.4	187
Boise	206.6	188
Biloxi - Gulfport	203.3	189
Ocala	197.7	190
Amarillo	196.8	191
Springfield, Ill.	196.1	192
Green Bay	193.6	193
Bradenton	192.1	194
Waco	191.8	195
Beaver County, Pa.	191.4	196
Brazoria	190.2	197
Fort Collins - Loveland	188.5	198
Yakima	187.8	199
Fort Smith	186.1	200
St. Cloud	185.7	201
Houma - Thibodaux	183.1	202
Bremerton	181.5	203
Chico	181.4	204
Merced	179.5	205
Asheville	175.0	206
Racine	174.3	207
Wheeling	174.0	208
Champaign - Urbana - Rantoul	173.8	209
Lake Charles	172.9	210
Cedar Rapids	171.5	211
Longview - Marshall	169.0	212
Benton Harbor	168.6	213
Topeka	166.1	214
Clarksville - Hopkinsville	161.0	215
Lima	160.2	216
Muskegon	160.0	217
Fort Walton Beach	158.9	218
Olympia	157.6	219
Parkersburg - Marietta	156.6	220
Tyler	153.1	221
Elkhart - Goshen	152.3	222
Fargo - Moorhead	152.1	223
Athens	151.3	224
Jackson, Mich.	150.7	225
Steubenville - Weirton	149.8	226
Lynchburg	149.3	227
Richland - Kennewick - Pasco	149.0	228
Waterloo - Cedar Falls	148.6	229
Tuscaloosa	148.0	230
Medford	147.1	231
Anderson, S.C.	146.0	232
Jamestown - Dunkirk	144.8	233
Redding	144.4	234
Monroe	143.7	235
Pittsfield	141.9	236
Bangor	141.6	237
Vineland - Millville - Bridgeton	141.6	237
Naples	141.1	239
Battle Creek	140.0	240
Eau Claire	140.0	240
Florence, Ala.	139.7	242
Greeley	139.5	243
Janesville - Beloit	139.2	244
Alexandria, La.	137.3	245
Burlington, Vt.	136.6	246
Joplin	135.6	247
Panama City	134.7	248
Dothan	134.4	249
Las Cruces	134.2	250
Altoona	133.0	251
Terre Haute	132.2	252
Anderson, Ind.	131.4	253
Pascagoula	129.8	254
Mansfield	129.3	255
Pueblo	129.0	256
Jacksonville, N.C.	128.7	257
Charlottesville	128.0	258
Sioux Falls	127.8	259
Bloomington - Normal	127.0	260
Laredo	126.3	261
Wichita Falls	125.9	262
Lafayette - West Lafayette	125.8	263
Anniston	125.3	264
Odessa	125.1	265
Bryan - College Station	124.6	266
Sharon	124.1	267
Decatur, Ill.	123.7	268
Abilene	123.3	269
Kenosha	122.8	270
Yuba City	122.6	271
Texarkana	122.0	272
Bellingham	121.9	273
Florence, S.C.	121.7	274
Muncie	120.4	275
Wilmington, N.C.	120.0	276
Williamsport	119.8	277
Lawton	119.1	278
Hagerstown	118.5	279
Albany, Ga.	118.3	280
State College	118.0	281
Sioux City	117.1	282
Billings	116.4	283
Glens Falls	116.0	284
Wausau	114.4	285
Santa Fe	113.5	286
Fayetteville - Springdale	112.7	287
Danville, Va.	111.2	288
Midland, Tex.	110.1	289
Columbia, Mo.	107.7	290
Burlington, N.C.	105.6	291
Gadsden	104.3	292
Decatur, Ala.	104.2	293
Lewiston - Auburn	104.1	294
Sheboygan	103.9	295
Bloomington, Ind.	103.1	296
Cumberland	103.1	296
Rochester, Minn.	101.9	298
Kankakee	101.3	299
Kokomo	100.5	300
San Angelo	99.7	301
Sherman - Denison	97.9	302
Yuma	97.0	303
La Crosse	96.5	304
Elmira	94.0	305
Pine Bluff	90.6	306
Dubuque	90.5	307
Bismarck	88.1	308
Owensboro	87.9	309
Iowa City	87.2	310
St. Joseph	85.6	311
Rapid City	81.2	312
Jackson, Tenn.	79.0	313
Great Falls	78.3	314
Lawrence, Kans.	77.1	315
Victoria	75.9	316
Cheyenne	74.3	317
Grand Forks	71.3	318
Casper	65.8	319
Enid	59.7	320
Total Above Areas	192,667.8	
Percent of U.S.	77.1164	
United States Total	249,840.3	

23RD ANNUAL RGI

METRO RANKING

PER CAPITA EFFECTIVE BUYING INCOME 1989

Metro Area	Per Capita EBI	Rank
Bridgeport - Stamford - Norwalk - Danbury	21,338	1
San Francisco	20,413	2
Bergen - Passaic	20,147	3
Middlesex - Somerset - Hunterdon	19,866	4
Washington	19,529	5
Nassau - Suffolk	19,113	6
Trenton	19,078	7
San Jose	18,384	8
Newark	18,337	9
Monmouth - Ocean	18,280	10
Manchester - Nashua	17,818	11
Boston - Lawrence - Salem - Lowell - Brockton	17,771	12
West Palm Beach - Boca Raton - Delray Beach	17,293	13
Oakland	17,214	14
Seattle	17,199	15
Lake County, Ill	17,164	16
Hartford - New Britain - Middletown - Bristol	16,971	17
Anaheim - Santa Ana	16,959	18
New Haven - Waterbury - Meriden	16,456	19
Anchorage	16,444	20
Fort Lauderdale - Hollywood - Pompano Beach	16,199	21
Portsmouth - Dover - Rochester	16,143	22
Santa Rosa - Petaluma	16,084	23
Reno	15,722	24
Minneapolis - St. Paul	15,567	25
Oxnard - Ventura	15,518	26
Santa Barbara - Santa Maria - Lompoc	15,430	27
San Diego	15,391	28
New York	15,352	29
Los Angeles - Long Beach	15,336	30
Santa Cruz	15,278	31
Kenosha	15,261	32
Worcester - Fitchburg - Leominster	15,114	33
Poughkeepsie	15,067	34
Portland, Me	15,052	35
Rochester, Minn	15,040	36
Chicago	15,037	37
Philadelphia	14,965	38
New London - Norwich	14,946	39
Milwaukee	14,858	40
Sarasota	14,854	41
Denver	14,798	42
Madison	14,786	43
Wilmington, Del	14,762	44
Peoria	14,720	45
Sacramento	14,689	46
Atlanta	14,664	47
Lincoln	14,630	48
Wichita	14,594	49
Dallas	14,501	50
Richmond - Petersburg	14,491	51
Baltimore	14,479	52
Midland, Tex	14,464	53
Raleigh - Durham	14,458	54
Fort Myers - Cape Coral	14,402	55
Kansas City	14,401	56
Aurora - Elgin	14,396	57
Honolulu	14,390	58
Topeka	14,356	59
Rochester, N.Y	14,345	60
Kalamazoo	14,291	61
Burlington, Vt	14,234	62
Huntsville	14,231	63
Naples	14,169	64
Pittsfield	14,129	65
Richland - Kennewick - Pasco	14,126	66
Harrisburg - Lebanon - Carlisle	14,061	67
Ann Arbor	14,049	68
Albany - Schenectady - Troy	14,040	69
Portland, Ore	14,026	70
Detroit	13,962	71
Decatur, Ill	13,961	72
St. Louis	13,952	73
Cleveland	13,923	74
Omaha	13,913	75
Allentown - Bethlehem - Easton	13,895	76
Bloomington - Normal	13,814	77
Charlottesville	13,758	78
Providence - Pawtucket - Woonsocket	13,716	79
Atlantic City	13,713	80
Santa Fe	13,664	81
Cedar Rapids	13,648	82
Vallejo - Fairfield - Napa	13,648	82
Battle Creek	13,639	84
Salinas - Seaside - Monterey	13,622	85
Springfield, Mass	13,593	86
Davenport - Rock Island - Moline	13,592	87
Des Moines	13,586	88
Rockford	13,560	89
Las Vegas	13,550	90
Sioux Falls	13,538	91
Sheboygan	13,515	92
Grand Rapids	13,505	93
Binghamton	13,484	94
Joliet	13,476	95
Phoenix	13,475	96
Tampa - St. Petersburg - Clearwater	13,470	97
Cincinnati	13,435	98
Bradenton	13,434	99
Reading	13,417	100
Fort Worth - Arlington	13,402	101
Orlando	13,364	102
Waterloo - Cedar Falls	13,351	103
Nashville	13,345	104
Houston	13,324	105
Orange County, N.Y	13,301	106
Jersey City	13,298	107
Brazoria	13,296	108
Columbia, Mo	13,294	109
Lancaster	13,221	110
Greensboro - Winston-Salem - High Point	13,215	111
Miami - Hialeah	13,190	112
Syracuse	13,158	113
Racine	13,142	114
York	13,120	115
Dayton - Springfield	13,095	116
Riverside - San Bernardino	13,083	117
Boulder - Longmont	13,060	118
Austin	13,058	119
Lansing - East Lansing	13,037	120
Kokomo	13,014	121
Pittsburgh	12,936	122
Galveston - Texas City	12,929	123
New Bedford - Fall River - Attleboro	12,929	123
Olympia	12,875	125
Indianapolis	12,871	126
Roanoke	12,870	127
Boise	12,862	128
Iowa City	12,861	129
Bremerton	12,842	130
Janesville - Beloit	12,842	130
Daytona Beach	12,807	132
Melbourne - Titusville - Palm Bay	12,803	133
Jacksonville, Fla	12,795	134
Fresno	12,793	135
Charlotte - Gastonia - Rock Hill	12,763	136
Appleton - Oshkosh - Neenah	12,756	137
Toledo	12,723	138
Buffalo	12,721	139
Columbus, Ohio	12,721	139
Springfield, Ill	12,707	141
Vineland - Millville - Bridgeton	12,664	142
Vancouver	12,654	143
Norfolk - Virginia Beach - Newport News	12,645	144
Erie	12,592	145
Grand Forks	12,571	146
Amarillo	12,516	147
Columbia, S.C	12,514	148
La Crosse	12,493	149
Bakersfield	12,445	150
Fort Pierce	12,427	151
Lorain - Elyria	12,426	152
Akron	12,425	153
Lexington-Fayette	12,369	154
Odessa	12,294	155
Fort Wayne	12,276	156
Evansville	12,254	157
Champaign - Urbana - Rantoul	12,247	158
Beaumont - Port Arthur	12,236	159
Rapid City	12,118	160
Green Bay	12,091	161
Little Rock - North Little Rock	12,090	162
Louisville	12,081	163
Lewiston - Auburn	12,045	164
Duluth	12,031	165
Macon - Warner Robins	12,029	166
Lynchburg	12,025	167
Tyler	12,007	168
Asheville	12,005	169
Sherman - Denison	11,986	170
Youngstown - Warren	11,978	171
Fort Walton Beach	11,942	172
Hickory - Morganton	11,929	173
Lafayette - West Lafayette	11,929	173
South Bend - Mishawaka	11,902	175
Saginaw - Bay City - Midland	11,887	176
Tallahassee	11,881	177
St. Joseph	11,824	178
Savannah	11,790	179
Knoxville	11,769	180
Pensacola	11,760	181
Mansfield	11,754	182
Niagara Falls	11,736	183
Hagerstown	11,724	184
San Angelo	11,700	185
Lawrence, Kans	11,664	186
Stockton	11,657	187
Bloomington, Ind	11,651	188
Jackson, Mich	11,629	189
Colorado Springs	11,628	190
Springfield, Mo	11,624	191
Anderson, Ind	11,613	192
Burlington, N.C	11,610	193
Sharon	11,591	194
Scranton - Wilkes-Barre	11,561	195
Bangor	11,543	196
Modesto	11,539	197
Fargo - Moorhead	11,530	198
Elkhart - Goshen	11,529	199
Hamilton - Middletown	11,529	199
Bellingham	11,513	201
Glens Falls	11,488	202
Flint	11,462	203
Charleston, W.Va	11,436	204
Spokane	11,423	205
Fort Collins - Loveland	11,420	206
Benton Harbor	11,404	207
Billings	11,404	207
Kankakee	11,399	209
Augusta	11,392	210
Memphis	11,392	210
Casper	11,383	212
Albuquerque	11,372	213
Williamsport	11,371	214
Wausau	11,331	215
Lima	11,329	216
Beaver County, Pa	11,321	217
Canton	11,307	218
Muskegon	11,302	219
Gainesville	11,291	220
Tacoma	11,235	221
Chattanooga	11,223	222
Terre Haute	11,222	223
Tucson	11,209	224
Wilmington, N.C	11,179	225
Utica - Rome	11,177	226
Jackson, Miss	11,170	227
Gary - Hammond	11,169	228
Jackson, Tenn	11,160	229
Tulsa	11,153	230
Elmira	11,148	231
Danville, Va	11,133	232
Bismarck	11,103	233
Great Falls	11,091	234
Lakeland - Winter Haven	11,061	235
New Orleans	11,035	236
Eau Claire	11,023	237
Eugene - Springfield	11,017	238
Jamestown - Dunkirk	11,009	239
Birmingham	10,995	240
Oklahoma City	10,995	240
Yuba City	10,981	242
Chico	10,976	243
Redding	10,972	244
Longview - Marshall	10,971	245
Greenville - Spartanburg	10,944	246
Steubenville - Weirton	10,888	247
Bryan - College Station	10,871	248
Fayetteville - Springdale	10,871	248
Lafayette, La	10,862	250
Baton Rouge	10,861	251
Sioux City	10,860	252
Montgomery	10,841	253
Johnson City - Kingsport - Bristol	10,839	254
Altoona	10,825	255
Mobile	10,816	256
Wichita Falls	10,808	257
Victoria	10,796	258
Muncie	10,743	259
Lubbock	10,696	260
Biloxi - Gulfport	10,658	261
San Antonio	10,650	262
Athens	10,648	263
Pascagoula	10,600	264
Shreveport	10,590	265
Dubuque	10,542	266
Anderson, S.C	10,537	267
Owensboro	10,500	268
Abilene	10,479	269
Yakima	10,475	270
Wheeling	10,471	271
Columbus, Ga	10,443	272
Salt Lake City - Ogden	10,426	273
Cumberland	10,423	274
State College	10,416	275
Enid	10,388	276
Parkersburg - Marietta	10,386	277
Medford	10,368	278
Lake Charles	10,361	279
Albany, Ga	10,334	280
Joplin	10,287	281
Waco	10,256	282
Houma - Thibodaux	10,233	283
Killeen - Temple	10,231	284
Fayetteville, N.C	10,197	285
Charleston, S.C	10,168	286
St. Cloud	10,140	287
Florence, Ala	10,138	288
Ocala	10,138	288
Salem, Ore	10,097	290
Clarksville - Hopkinsville	10,089	291
Greeley	10,059	292
Decatur, Ala	10,039	293
Fort Smith	10,012	294
Corpus Christi	9,950	295
Cheyenne	9,946	296
Texarkana	9,932	297
Pueblo	9,907	298
Dothan	9,713	299
Merced	9,706	300
Panama City	9,518	301
Huntington - Ashland	9,509	302
Tuscaloosa	9,471	303
Anniston	9,411	304
Gadsden	9,245	305
Johnstown	9,227	306
Visalia - Tulare - Porterville	9,207	307
Pine Bluff	9,106	308
Lawton	9,105	309
Monroe	9,090	310
Alexandria, La	9,025	311
Florence, S.C	8,752	312
Jacksonville, N.C	8,737	313
Yuma	8,581	314
Las Cruces	8,538	315
El Paso	8,472	316
Provo - Orem	7,417	317
Brownsville - Harlingen	6,824	318
McAllen - Edinburg - Mission	6,135	319
Laredo	6,112	320
Total Above Areas	14,094	
United States Total	13,158	

23RD ANNUAL RGI
METRO RANKING
EATING PLACE SALES
1989

Metro Area	Sales($000)	Rank
Los Angeles - Long Beach	7,318,132	1
New York	6,093,757	2
Chicago	4,487,923	3
Boston - Lawrence - Salem - Lowell - Brockton	3,613,031	4
Washington	3,461,554	5
Philadelphia	2,989,359	6
Detroit	2,934,410	7
Anaheim - Santa Ana	2,553,789	8
Atlanta	2,486,593	9
Dallas	2,270,820	10
San Diego	2,057,474	11
Houston	2,054,313	12
Nassau - Suffolk	1,969,607	13
San Francisco	1,957,857	14
Minneapolis - St. Paul	1,887,388	15
Seattle	1,780,920	16
St. Louis	1,693,085	17
Baltimore	1,624,173	18
Oakland	1,587,039	19
Riverside - San Bernardino	1,553,037	20
Tampa - St. Petersburg - Clearwater	1,521,121	21
Phoenix	1,474,892	22
Pittsburgh	1,223,987	23
Honolulu	1,207,903	24
San Jose	1,200,750	25
Miami - Hialeah	1,199,086	26
Denver	1,195,796	27
Orlando	1,136,982	28
Newark	1,121,348	29
Kansas City	1,111,400	30
Cleveland	1,105,894	31
Sacramento	1,103,677	32
Cincinnati	1,084,514	33
Indianapolis	1,044,346	34
Fort Lauderdale - Hollywood - Pompano Beach	1,033,253	35
Fort Worth - Arlington	1,006,191	36
New Orleans	996,095	37
San Antonio	993,919	38
Norfolk - Virginia Beach - Newport News	988,588	39
Portland, Ore.	949,611	40
Columbus, Ohio	914,175	41
Bergen - Passaic	902,153	42
Hartford - New Britain - Middletown - Bristol	891,170	43
Milwaukee	888,893	44
Charlotte - Gastonia - Rock Hill	783,642	45
Nashville	766,752	46
West Palm Beach - Boca Raton - Delray Beach	764,058	47
Oklahoma City	757,884	48
Louisville	708,914	49
Jacksonville, Fla.	674,799	50
Austin	672,161	51
Rochester, N.Y.	666,228	52
Middlesex - Somerset - Hunterdon	665,310	53
Greensboro - Winston-Salem - High Point	665,255	54
Bridgeport - Stamford - Norwalk - Danbury	661,113	55
Monmouth - Ocean	651,692	56
Providence - Pawtucket - Woonsocket	640,978	57
Buffalo	640,608	58
Raleigh - Durham	638,545	59
Salt Lake City - Ogden	607,649	60
Albany - Schenectady - Troy	603,320	61
New Haven - Waterbury - Meriden	594,316	62
Richmond - Petersburg	593,605	63
Dayton - Springfield	577,608	64
Birmingham	537,632	65
Tulsa	526,539	66
Memphis	507,497	67
Worcester - Fitchburg - Leominster	504,579	68
Las Vegas	486,085	69
Oxnard - Ventura	478,559	70
Syracuse	456,544	71
Knoxville	455,938	72
Omaha	446,610	73
Springfield, Mass.	437,395	74
Scranton - Wilkes-Barre	429,864	75
Allentown - Bethlehem - Easton	410,042	76
Albuquerque	400,224	77
Greenville - Spartanburg	397,063	78
Akron	388,648	79
Toledo	386,110	80
New Bedford - Fall River - Attleboro	382,051	81
Grand Rapids	376,205	82
Tacoma	366,116	83
Tucson	363,241	84
Fresno	362,268	85
Wichita	361,288	86
Lake County, Ill.	360,188	87
Wilmington, Del.	358,574	88
Harrisburg - Lebanon - Carlisle	354,291	89
Charleston, S.C.	347,425	90
Atlantic City	346,626	91
Little Rock - North Little Rock	338,516	92
Columbia, S.C.	330,419	93
Anchorage	325,492	94
Baton Rouge	313,973	95
Portsmouth - Dover - Rochester	313,025	96
Lexington-Fayette	312,792	97
Santa Barbara - Santa Maria - Lompoc	312,329	98
Gary - Hammond	302,548	99
El Paso	293,531	100
Lancaster	293,088	101
Vallejo - Fairfield - Napa	290,145	102
Des Moines	286,416	103
Salinas - Seaside - Monterey	284,953	104
Manchester - Nashua	282,343	105
Santa Rosa - Petaluma	280,061	106
Fort Myers - Cape Coral	279,463	107
Melbourne - Titusville - Palm Bay	277,081	108
Lansing - East Lansing	275,470	109
Sarasota	271,773	110
Bakersfield	270,748	111
Mobile	269,615	112
Fort Wayne	267,910	113
Daytona Beach	267,201	114
Spokane	261,697	115
Stockton	258,103	116
Madison	256,535	117
Portland, Me.	255,649	118
Colorado Springs	254,847	119
York	254,356	120
Youngstown - Warren	249,392	121
Chattanooga	240,395	122
Jackson, Miss.	236,536	123
Augusta	236,170	124
Flint	231,056	125
Trenton	229,266	126
Saginaw - Bay City - Midland	223,636	127
Aurora - Elgin	219,021	128
Reading	218,211	129
Jersey City	217,428	130
Corpus Christi	216,898	131
Davenport - Rock Island - Moline	215,098	132
Johnson City - Kingsport - Bristol	213,583	133
Lakeland - Winter Haven	206,117	134
Canton	204,632	135
Ann Arbor	203,870	136
Modesto	202,475	137
Shreveport	201,153	138
Beaumont - Port Arthur	198,727	139
Santa Cruz	196,686	140
New London - Norwich	196,604	141
Pensacola	193,067	142
Boulder - Longmont	191,596	143
Eugene - Springfield	190,071	144
Springfield, Mo.	188,955	145
Peoria	188,742	146
Appleton - Oshkosh - Neenah	184,126	147
Evansville	181,988	148
Utica - Rome	181,981	149
Rockford	180,943	150
Charleston, W.Va.	180,817	151
Huntsville	180,490	152
Lubbock	179,541	153
Montgomery	178,237	154
Orange County, N.Y.	177,874	155
Roanoke	177,822	156
Joliet	173,955	157
Macon - Warner Robins	173,316	158
Savannah	171,399	159
Erie	168,897	160
Salem, Ore.	166,856	161
Huntington - Ashland	163,013	162
Binghamton	162,048	163
South Bend - Mishawaka	161,381	164
Fort Pierce	158,415	165
Poughkeepsie	157,127	166
Amarillo	154,544	167
Tallahassee	154,423	168
Hamilton - Middletown	150,320	169
Reno	150,158	170
Kalamazoo	149,511	171
Fayetteville, N.C.	147,897	172
Hickory - Morganton	146,877	173
Gainesville	144,836	174
Springfield, Ill.	143,767	175
Champaign - Urbana - Rantoul	142,127	176
Lafayette, La.	139,457	177
Boise	139,396	178
Columbus, Ga.	137,935	179
Burlington, Vt.	135,919	180
Lincoln	135,239	181
Waco	131,265	182
Naples	130,942	183
Bradenton	130,792	184
Fort Walton Beach	129,644	185
Green Bay	128,548	186
Fort Collins - Loveland	127,026	187
Galveston - Texas City	126,781	188
McAllen - Edinburg - Mission	125,911	189
Killeen - Temple	124,341	190
Vancouver	123,572	191
Niagara Falls	122,573	192
Pittsfield	121,961	193
Biloxi - Gulfport	121,572	194
Panama City	119,549	195
Asheville	119,308	196
Topeka	119,243	197
Fort Smith	118,474	198
Wilmington, N.C.	117,215	199
Duluth	112,714	200
Fargo - Moorhead	112,167	201
Brownsville - Harlingen	111,701	202
Cedar Rapids	110,516	203
Chico	107,837	204
Houma - Thibodaux	106,251	205
Wichita Falls	105,914	206
Lorain - Elyria	105,572	207
Visalia - Tulare - Porterville	104,806	208
Santa Fe	103,752	209
Monroe	101,531	210
Tyler	100,103	211
Medford	99,919	212
Benton Harbor	99,651	213
Racine	99,019	214
Ocala	98,372	215
Lima	98,010	216
Olympia	97,137	217
Parkersburg - Marietta	96,067	218
Yakima	95,762	219
Longview - Marshall	95,549	220
Elkhart - Goshen	94,966	221
Terre Haute	94,762	222
Athens	93,303	223
Dothan	92,312	224
Charlottesville	92,166	225
Bangor	91,735	226
Bloomington - Normal	91,680	227
Johnstown	89,520	228
State College	89,489	229
Bellingham	89,430	230
Glens Falls	89,199	231
Clarksville - Hopkinsville	88,801	232
Lafayette - West Lafayette	88,196	233
St. Cloud	87,890	234
Muskegon	87,044	235
Lake Charles	86,730	236
Tuscaloosa	86,507	237
Joplin	85,639	238
Lynchburg	85,357	239
Redding	85,220	240
Bremerton	85,071	241
Sioux Falls	84,505	242
Janesville - Beloit	84,334	243
Billings	83,486	244
La Crosse	81,772	245
Battle Creek	81,471	246
Richland - Kennewick - Pasco	81,060	247
Wheeling	80,294	248
Abilene	77,381	249
Bryan - College Station	77,082	250
Provo - Orem	76,929	251
Rochester, Minn.	76,856	252
Burlington, N.C.	76,821	253
Altoona	76,610	254
Anderson, S.C.	76,396	255
Eau Claire	75,118	256
Bloomington, Ind.	74,745	257
Merced	74,458	258
Decatur, Ill.	73,971	259
Muncie	73,458	260
Waterloo - Cedar Falls	72,962	261
Brazoria	72,669	262
Jacksonville, N.C.	70,801	263
Columbia, Mo.	70,771	264
Fayetteville - Springdale	69,116	265
Mansfield	68,872	266
Alexandria, La.	68,792	267
Sioux City	67,914	268
Kokomo	66,572	269
Kenosha	66,427	270
Pueblo	66,153	271
Jackson, Mich.	65,576	272
Texarkana	65,403	273
Jamestown - Dunkirk	65,269	274
Decatur, Ala.	65,268	275
Albany, Ga.	65,058	276
Odessa	64,965	277
Midland, Tex.	64,947	278
Iowa City	64,568	279
Lewiston - Auburn	64,423	280
Rapid City	63,398	281
Beaver County, Pa.	62,588	282
Florence, S.C.	61,480	283
Anniston	61,274	284
Danville, Va.	60,696	285
Florence, Ala.	60,554	286
Lawton	60,293	287
Anderson, Ind.	59,648	288
Cheyenne	59,200	289
Laredo	58,370	290
Vineland - Millville - Bridgeton	57,718	291
Bismarck	57,336	292
Dubuque	57,174	293
Williamsport	56,763	294
Sharon	56,394	295
Las Cruces	55,842	296
Greeley	55,643	297
Cumberland	54,985	298
Steubenville - Weirton	54,856	299
Lawrence, Kans.	54,372	300
Wausau	53,877	301
Sheboygan	53,702	302
Elmira	53,002	303
Owensboro	52,392	304
Yuba City	51,921	305
San Angelo	50,704	306
Hagerstown	50,234	307
Gadsden	50,051	308
Sherman - Denison	49,064	309
Grand Forks	46,525	310
Pascagoula	46,235	311
St. Joseph	46,089	312
Yuma	45,444	313
Great Falls	45,052	314
Kankakee	42,590	315
Victoria	42,105	316
Jackson, Tenn.	38,885	317
Pine Bluff	38,224	318
Casper	36,662	319
Enid	34,349	320
Total Above Areas	**137,859,188**	
Percent of U.S.	**84.7501**	
United States Total	**162,665,464**	

23RD ANNUAL RGI

METRO RANKING

EATING PLACE UNITS

1989

Metro Area	Units	Rank
Los Angeles - Long Beach	11,338	1
New York	10,838	2
Chicago	7,898	3
Philadelphia	5,572	4
Boston - Lawrence - Salem - Lowell - Brockton	5,492	5
Detroit	5,175	6
Washington	4,940	7
Atlanta	4,087	8
Houston	3,833	9
Nassau - Suffolk	3,777	10
Dallas	3,635	11
Anaheim - Santa Ana	3,604	12
San Francisco	3,514	13
St. Louis	3,217	14
San Diego	3,152	15
Seattle	2,916	16
Minneapolis - St. Paul	2,910	17
Oakland	2,845	18
Baltimore	2,798	19
Phoenix	2,750	20
Tampa - St. Petersburg - Clearwater	2,733	21
Pittsburgh	2,689	22
Riverside - San Bernardino	2,578	23
Miami - Hialeah	2,536	24
Denver	2,459	25
Cleveland	2,372	26
Newark	2,223	27
Sacramento	2,145	28
San Jose	2,090	29
Kansas City	2,051	30
Fort Lauderdale - Hollywood - Pompano Beach	1,927	31
Cincinnati	1,889	32
Portland, Ore	1,863	33
Columbus, Ohio	1,809	34
Norfolk - Virginia Beach - Newport News	1,809	34
Milwaukee	1,799	36
San Antonio	1,788	37
Indianapolis	1,702	38
Bergen - Passaic	1,688	39
Oklahoma City	1,662	40
Fort Worth - Arlington	1,635	41
New Orleans	1,617	42
Hartford - New Britain - Middletown - Bristol	1,586	43
Charlotte - Gastonia - Rock Hill	1,516	44
Buffalo	1,488	45
Orlando	1,447	46
Monmouth - Ocean	1,363	47
Providence - Pawtucket - Woonsocket	1,358	48
Honolulu	1,355	49
Greensboro - Winston-Salem - High Point	1,300	50
Rochester, N Y	1,295	51
Albany - Schenectady - Troy	1,282	52
Nashville	1,270	53
Jacksonville, Fla	1,267	54
West Palm Beach - Boca Raton - Delray Beach	1,248	55
Austin	1,228	56
Salt Lake City - Ogden	1,214	57
Bridgeport - Stamford - Norwalk - Danbury	1,198	58
Middlesex - Somerset - Hunterdon	1,188	59
Dayton - Springfield	1,181	60
New Haven - Waterbury - Meriden	1,177	61
Richmond - Petersburg	1,169	62
Louisville	1,129	63
Memphis	1,108	64
Tulsa	1,068	65
Scranton - Wilkes-Barre	1,063	66
Raleigh - Durham	1,061	67
Birmingham	1,034	68
Syracuse	942	69
Worcester - Fitchburg - Leominster	915	70
Allentown - Bethlehem - Easton	901	71
Knoxville	883	72
Toledo	878	73
Akron	869	74
Greenville - Spartanburg	858	75
Las Vegas	843	76
Omaha	843	76
Tucson	841	78
Atlantic City	831	79
Springfield, Mass	822	80
Oxnard - Ventura	802	81
Fresno	797	82
Gary - Hammond	786	83
Albuquerque	783	84
Grand Rapids	781	85
Wichita	755	86
Harrisburg - Lebanon - Carlisle	754	87
New Bedford - Fall River - Attleboro	684	88
Little Rock - North Little Rock	659	89
Wilmington, Del	658	90
Youngstown - Warren	655	91
Lake County, Ill	651	92
Bakersfield	626	93
Tacoma	620	94
Santa Barbara - Santa Maria - Lompoc	610	95
Columbia, S C	596	96
Chattanooga	588	97
Jersey City	588	97
Colorado Springs	580	99
Charleston, S C	575	100
Canton	574	101
El Paso	574	101
Mobile	565	103
Baton Rouge	564	104
Santa Rosa - Petaluma	557	105
Stockton	554	106
Melbourne - Titusville - Palm Bay	549	107
Des Moines	547	108
Madison	537	109
Daytona Beach	531	110
Flint	531	110
Vallejo - Fairfield - Napa	525	112
Salinas - Seaside - Monterey	521	113
Lansing - East Lansing	519	114
Portsmouth - Dover - Rochester	519	114
Fort Wayne	518	116
Johnson City - Kingsport - Bristol	511	117
Lexington-Fayette	509	118
Spokane	505	119
Manchester - Nashua	502	120
Lancaster	501	121
Fort Myers - Cape Coral	499	122
Davenport - Rock Island - Moline	498	123
Corpus Christi	490	124
York	490	124
Peoria	480	126
Reading	475	127
Sarasota	449	128
Utica - Rome	448	129
Jackson, Miss	447	130
Lakeland - Winter Haven	442	131
Augusta	439	132
Trenton	434	133
Eugene - Springfield	433	134
Portland, Me	429	135
Aurora - Elgin	422	136
Boulder - Longmont	420	137
Saginaw - Bay City - Midland	420	137
Orange County, N Y	409	139
Modesto	408	140
Beaumont - Port Arthur	404	141
Evansville	403	142
New London - Norwich	402	143
Joliet	400	144
Santa Cruz	399	145
Pensacola	395	146
Appleton - Oshkosh - Neenah	391	147
Salem, Ore	383	148
Shreveport	382	149
Ann Arbor	378	150
Roanoke	378	150
South Bend - Mishawaka	372	152
Anchorage	367	153
Macon - Warner Robins	361	154
Rockford	361	154
Duluth	359	156
Poughkeepsie	359	156
Erie	358	158
Charleston, W Va	357	159
Huntington - Ashland	357	159
Niagara Falls	357	159
Reno	345	162
Visalia - Tulare - Porterville	345	162
Hickory - Morganton	339	164
Lubbock	338	165
Springfield, Mo	334	166
Amarillo	333	167
Savannah	331	168
Binghamton	325	169
Kalamazoo	312	170
Hamilton - Middletown	306	171
Lorain - Elyria	303	172
Fayetteville, N C	299	173
McAllen - Edinburg - Mission	299	173
Montgomery	298	175
Columbus, Ga	296	176
Gainesville	293	177
Killeen - Temple	290	178
Fort Pierce	289	179
Huntsville	287	180
Lincoln	283	181
Boise	279	182
Glens Falls	279	182
Springfield, Ill	277	184
Galveston - Texas City	272	185
Longview - Marshall	272	185
Tallahassee	272	185
Brownsville - Harlingen	271	188
Fort Collins - Loveland	271	188
Panama City	267	190
Asheville	263	191
Fort Smith	261	192
Johnstown	260	193
Waco	260	193
Vancouver	259	195
Biloxi - Gulfport	258	196
Lafayette, La	256	197
Wilmington, N C	255	198
Fort Walton Beach	252	199
Topeka	252	199
Pittsfield	250	201
Green Bay	247	202
Champaign - Urbana - Rantoul	241	203
Chico	239	204
Benton Harbor	238	205
Cedar Rapids	237	206
Naples	236	207
Bradenton	235	208
Lima	235	208
Provo - Orem	234	210
Racine	234	210
Medford	228	212
Yakima	221	213
Billings	220	214
Muskegon	218	215
Redding	218	215
Jamestown - Dunkirk	217	217
Ocala	214	218
St. Cloud	213	219
Brazoria	211	220
Bellingham	208	221
Burlington, Vt	207	222
Elkhart - Goshen	206	223
Fargo - Moorhead	206	223
Santa Fe	204	225
Clarksville - Hopkinsville	202	226
Lynchburg	202	226
Janesville - Beloit	201	228
Joplin	201	228
Waterloo - Cedar Falls	200	230
Tyler	199	231
Olympia	196	232
Wheeling	195	233
Athens	192	234
Monroe	192	234
Battle Creek	191	236
Bangor	190	237
Beaver County, Pa	190	237
Parkersburg - Marietta	187	239
Houma - Thibodaux	186	240
Mansfield	186	240
Eau Claire	185	242
Bloomington - Normal	183	243
Charlottesville	183	243
Wichita Falls	183	243
Terre Haute	182	246
Altoona	180	247
Pueblo	179	248
Sioux Falls	178	249
Richland - Kennewick - Pasco	177	250
Steubenville - Weirton	174	251
Anderson, S C	172	252
Sharon	172	252
Tuscaloosa	172	252
Bremerton	170	255
Merced	170	255
State College	170	255
Lake Charles	168	258
Dothan	167	259
Odessa	167	259
Williamsport	167	259
Burlington, N.C	166	262
Lafayette - West Lafayette	166	262
Muncie	166	262
Sioux City	166	262
Florence, Ala	165	266
Anderson, Ind	163	267
Abilene	161	268
Vineland - Millville - Bridgeton	159	269
Jackson, Mich	157	270
Kenosha	156	271
Lawton	156	271
Fayetteville - Springdale	155	273
Decatur, Ill	154	274
La Crosse	154	274
Bloomington, Ind	153	276
Bryan - College Station	152	277
Cumberland	152	277
Midland, Tex	152	277
Jacksonville, N C	149	280
Rapid City	149	280
Columbia, Mo	148	282
Kokomo	148	282
Albany, Ga	147	284
Wausau	147	284
Greeley	146	286
Hagerstown	146	286
Great Falls	145	288
Texarkana	145	288
Las Cruces	144	290
Alexandria, La	142	291
Danville, Va	142	291
Florence, S C	136	293
Sherman - Denison	134	294
Dubuque	133	295
Lewiston - Auburn	132	296
Yuba City	132	296
Owensboro	128	298
Rochester, Minn	128	298
Decatur, Ala	126	300
Pascagoula	124	301
Iowa City	119	302
San Angelo	119	302
Kankakee	117	304
Sheboygan	117	304
Elmira	116	306
Anniston	112	307
Laredo	112	307
St. Joseph	111	309
Victoria	111	309
Yuma	108	311
Casper	106	312
Cheyenne	106	312
Gadsden	105	314
Enid	104	315
Lawrence, Kans	104	315
Pine Bluff	101	317
Bismarck	98	318
Jackson, Tenn	93	319
Grand Forks	92	320
Total Above Areas	255,072	
Percent of U.S	77.8273	
United States Total	327,741	

23RD ANNUAL RGI

METRO RANKING

FAST FOOD SALES

1989

Metro Area	Sales($000)	Rank
Los Angeles - Long Beach	2,634,982	1
Chicago	1,600,189	2
New York	1,364,783	3
Detroit	1,204,646	4
Washington	1,160,963	5
Atlanta	1,151,795	6
Philadelphia	970,238	7
Anaheim - Santa Ana	967,488	8
Boston - Lawrence - Salem - Lowell - Brockton	960,245	9
Dallas	905,153	10
Houston	842,735	11
St. Louis	802,298	12
San Diego	795,942	13
Riverside - San Bernardino	746,652	14
Minneapolis - St. Paul	692,072	15
Baltimore	674,078	16
Oakland	616,164	17
Seattle	612,027	18
Phoenix	592,800	19
Tampa - St. Petersburg - Clearwater	568,133	20
Indianapolis	552,646	21
Kansas City	529,643	22
Nassau - Suffolk	499,954	23
San Francisco	495,757	24
Sacramento	477,347	25
San Antonio	471,272	26
Fort Worth - Arlington	470,934	27
Cleveland	469,182	28
Norfolk - Virginia Beach - Newport News	463,164	29
Cincinnati	459,128	30
San Jose	457,984	31
Columbus, Ohio	455,231	32
Pittsburgh	448,897	33
Honolulu	428,953	34
Denver	412,285	35
Charlotte - Gastonia - Rock Hill	408,532	36
New Orleans	403,716	37
Louisville	385,777	38
Miami - Hialeah	385,695	39
Orlando	381,984	40
Nashville	368,207	41
Portland, Ore.	354,972	42
Oklahoma City	347,201	43
Milwaukee	343,438	44
Jacksonville, Fla.	337,108	45
Newark	335,888	46
Fort Lauderdale - Hollywood - Pompano Beach	313,136	47
Salt Lake City - Ogden	310,805	48
Greensboro - Winston-Salem - High Point	306,600	49
Raleigh - Durham	304,166	50
Dayton - Springfield	303,604	51
Austin	295,317	52
Birmingham	295,229	53
Hartford - New Britain - Middletown - Bristol	276,591	54
Richmond - Petersburg	273,743	55
Rochester, N.Y.	256,856	56
Buffalo	255,350	57
Tulsa	251,771	58
Bergen - Passaic	250,419	59
Memphis	247,215	60
Providence - Pawtucket - Woonsocket	216,115	61
West Palm Beach - Boca Raton - Delray Beach	213,560	62
Middlesex - Somerset - Hunterdon	212,334	63
Greenville - Spartanburg	211,104	64
Knoxville	208,031	65
Oxnard - Ventura	201,810	66
Las Vegas	201,544	67
Omaha	196,493	68
Albany - Schenectady - Troy	196,059	69
New Haven - Waterbury - Meriden	192,195	70
Monmouth - Ocean	185,096	71
Bridgeport - Stamford - Norwalk - Danbury	175,165	72
Wichita	174,160	73
Akron	172,412	74
Fresno	171,691	75
Little Rock - North Little Rock	171,600	76
Scranton - Wilkes-Barre	170,664	77
Worcester - Fitchburg - Leominster	168,116	78
Albuquerque	168,023	79
Toledo	163,081	80
Baton Rouge	156,412	81
Tucson	156,048	82
Syracuse	155,478	83
Lexington-Fayette	155,176	84
Columbia, S.C.	155,045	85
Gary - Hammond	149,649	86
Harrisburg - Lebanon - Carlisle	147,929	87
New Bedford - Fall River - Attleboro	146,735	88
Wilmington, Del.	146,716	89
Grand Rapids	146,339	90
Springfield, Mass.	146,200	91
Allentown - Bethlehem - Easton	144,943	92
Mobile	144,417	93
Charleston, S.C.	142,012	94
Tacoma	140,853	95
Bakersfield	140,286	96
El Paso	137,604	97
Chattanooga	134,975	98
Vallejo - Fairfield - Napa	134,399	99
Lake County, Ill.	133,330	100
Johnson City - Kingsport - Bristol	132,021	101
Stockton	124,566	102
Lansing - East Lansing	123,446	103
Augusta	122,881	104
Jackson, Miss	119,335	105
Des Moines	117,912	106
Fort Wayne	115,170	107
Youngstown - Warren	114,697	108
Corpus Christi	114,160	109
Spokane	113,213	110
Colorado Springs	111,618	111
Atlantic City	110,554	112
Flint	109,707	113
Huntsville	109,478	114
Daytona Beach	109,207	115
Montgomery	108,112	116
Charleston, W Va	107,540	117
Melbourne - Titusville - Palm Bay	105,445	118
Pensacola	105,104	119
Shreveport	104,061	120
Anchorage	103,833	121
Santa Barbara - Santa Maria - Lompoc	102,966	122
Beaumont - Port Arthur	100,544	123
Lakeland - Winter Haven	100,465	124
Santa Rosa - Petaluma	100,125	125
York	98,358	126
Canton	98,116	127
Davenport - Rock Island - Moline	98,081	128
Madison	97,377	129
Huntington - Ashland	96,795	130
Evansville	94,799	131
Salinas - Seaside - Monterey	94,335	132
Manchester - Nashua	92,559	133
Lancaster	91,988	134
Portland, Me	91,919	135
Portsmouth - Dover - Rochester	91,662	136
Saginaw - Bay City - Midland	89,761	137
Springfield, Mo	89,679	138
Aurora - Elgin	89,278	139
Peoria	88,003	140
Macon - Warner Robins	87,487	141
Savannah	86,525	142
Ann Arbor	84,842	143
South Bend - Mishawaka	83,908	144
Lubbock	82,812	145
Fort Myers - Cape Coral	79,312	146
Roanoke	77,616	147
Fayetteville, N.C.	77,374	148
Jersey City	77,248	149
Modesto	77,019	150
Hickory - Morganton	76,841	151
Reading	76,118	152
Eugene - Springfield	75,180	153
Santa Cruz	74,814	154
Rockford	73,758	155
Appleton - Oshkosh - Neenah	73,051	156
Trenton	71,696	157
Biloxi - Gulfport	71,572	158
Hamilton - Middletown	71,284	159
Amarillo	71,281	160
Joliet	70,909	161
Columbus, Ga	69,672	162
Boulder - Longmont	68,771	163
New London - Norwich	67,695	164
Sarasota	66,607	165
Lafayette, La	66,136	106
Salem, Ore	65,997	167
Reno	64,047	168
Fort Smith	63,749	169
Asheville	62,418	170
Kalamazoo	62,221	171
Boise	62,067	172
Topeka	61,957	173
Lincoln	61,801	174
Erie	61,337	175
Wilmington, N.C	61,322	176
Waco	60,544	177
Springfield, Ill.	58,602	178
Galveston - Texas City	58,475	179
Fort Pierce	58,091	180
McAllen - Edinburg - Mission	58,075	181
Champaign - Urbana - Rantoul	57,935	182
Parkersburg - Marietta	57,380	183
Killeen - Temple	57,352	184
Tallahassee	56,626	185
Dothan	55,994	186
Fargo - Moorhead	55,661	187
Gainesville	53,112	188
Tuscaloosa	52,472	189
Brownsville - Harlingen	51,521	190
Utica - Rome	50,618	191
Houma - Thibodaux	50,388	192
Lorain - Elyria	50,064	193
Orange County, N.Y.	49,477	194
Elkhart - Goshen	49,377	195
Terre Haute	49,270	196
Wichita Falls	48,852	197
Cedar Rapids	48,795	198
Green Bay	48,763	199
Monroe	48,149	200
Wheeling	48,051	201
Naples	48,016	202
Bradenton	47,961	203
Fort Walton Beach	47,539	204
Athens	47,128	205
Lima	46,477	206
Tyler	46,170	207
Clarksville - Hopkinsville	45,872	208
Lafayette - West Lafayette	45,857	209
Vancouver	45,767	210
Decatur, Ala	45,639	211
Santa Fe	45,616	212
Fort Collins - Loveland	45,594	213
Binghamton	45,076	214
Longview - Marshall	44,072	215
Panama City	43,837	216
Poughkeepsie	43,706	217
Duluth	41,578	218
Benton Harbor	41,471	219
Lake Charles	41,130	220
Chico	41,018	221
Joplin	40,644	222
Charlottesville	40,236	223
Burlington, N.C.	40,189	224
Visalia - Tulare - Porterville	39,866	225
Medford	39,522	226
Provo - Orem	39,430	227
Bloomington, Ind.	38,863	228
Muncie	38,194	229
Anderson, S.C.	37,664	230
Racine	37,561	231
Fayetteville - Springdale	37,456	232
Bloomington - Normal	37,371	233
Lynchburg	37,256	234
Anniston	37,165	235
Jacksonville, N.C.	37,040	236
Burlington, Vt.	36,760	237
Florence, Ala.	36,729	238
Muskegon	36,224	239
Ocala	36,073	240
Olympia	35,977	241
Abilene	35,690	242
Bryan - College Station	35,552	243
Yakima	35,469	244
Kokomo	34,613	245
Pittsfield	34,517	246
Sioux Falls	34,369	247
Niagara Falls	34,094	248
Battle Creek	33,905	249
Columbia, Mo.	33,589	250
Brazoria	33,518	251
Bellingham	33,122	252
Bangor	32,984	253
Billings	32,853	254
Albany, Ga.	32,842	255
Mansfield	32,660	256
Alexandria, La.	32,625	257
Johnstown	32,510	258
State College	32,498	259
Redding	32,415	260
St. Cloud	32,399	261
Waterloo - Cedar Falls	32,215	262
Janesville - Beloit	31,990	263
Bremerton	31,507	264
La Crosse	31,018	265
Anderson, Ind.	31,013	266
Gadsden	30,359	267
Florence, S.C.	30,312	268
Decatur, Ill.	30,153	269
Texarkana	30,088	270
Lawton	30,029	271
Richland - Kennewick - Pasco	30,023	272
Sioux City	29,987	273
Odessa	29,965	274
Midland, Tex.	29,957	275
Owensboro	29,720	276
Iowa City	28,508	277
Eau Claire	28,494	278
Rochester, Minn.	28,333	279
Merced	28,322	280
Bismarck	28,264	281
Lawrence, Kans.	28,251	282
Altoona	27,821	283
Jackson, Mich.	27,291	284
Pascagoula	27,219	285
Laredo	26,923	286
Danville, Va.	26,491	287
Steubenville - Weirton	26,199	288
Rapid City	25,784	289
Jamestown - Dunkirk	25,313	290
Dubuque	25,243	291
Kenosha	25,198	292
Glens Falls	24,811	293
Las Cruces	24,552	294
Cheyenne	24,344	295
Pueblo	23,744	296
Cumberland	23,434	297
San Angelo	23,387	298
Lewiston - Auburn	23,161	299
Grand Forks	22,934	300
Beaver County, Pa.	22,729	301
Sherman - Denison	22,630	302
St. Joseph	21,874	303
Hagerstown	21,105	304
Pine Bluff	20,713	305
Williamsport	20,615	306
Sharon	20,480	307
Wausau	20,438	308
Sheboygan	20,372	309
Jackson, Tenn.	20,090	310
Greeley	19,972	311
Yuba City	19,749	312
Victoria	19,420	313
Vineland - Millville - Bridgeton	18,068	314
Yuma	18,025	315
Great Falls	17,729	316
Kankakee	17,361	317
Enid	17,108	318
Casper	15,076	319
Elmira	14,742	320
Total Above Areas	**53,544,458**	
Percent of U.S.	**81.7892**	
United States Total	**65,466,353**	

23RD ANNUAL RGI
METRO RANKING
RESTAURANT SALES
1989

Metro Area	Sales($000)	Rank
Los Angeles - Long Beach	3,873,311	1
New York	3,449,821	2
Chicago	2,306,897	3
Boston - Lawrence - Salem - Lowell - Brockton	2,099,395	4
Washington	1,744,886	5
Philadelphia	1,553,301	6
Detroit	1,373,129	7
Anaheim - Santa Ana	1,333,568	8
San Francisco	1,193,740	9
San Diego	1,092,607	10
Nassau - Suffolk	1,080,632	11
Atlanta	1,005,627	12
Seattle	998,762	13
Minneapolis - St. Paul	976,527	14
Dallas	939,355	15
Houston	893,210	16
Oakland	819,404	17
Tampa - St. Petersburg - Clearwater	796,698	18
Riverside - San Bernardino	716,284	19
Phoenix	701,781	20
Baltimore	678,626	21
Orlando	652,866	22
Fort Lauderdale - Hollywood - Pompano Beach	637,695	23
Miami - Hialeah	630,436	24
St. Louis	626,404	25
San Jose	621,097	26
Pittsburgh	618,714	27
Denver	615,658	28
Honolulu	570,656	29
Sacramento	550,548	30
Newark	544,073	31
Cleveland	516,314	32
Cincinnati	500,300	33
Portland, Ore.	498,685	34
West Palm Beach - Boca Raton - Delray Beach	497,537	35
Hartford - New Britain - Middletown - Bristol	480,386	36
Bergen - Passaic	464,880	37
Milwaukee	454,606	38
Kansas City	453,814	39
New Orleans	429,298	40
Norfolk - Virginia Beach - Newport News	428,638	41
Monmouth - Ocean	411,006	42
Fort Worth - Arlington	391,592	43
San Antonio	389,052	44
Bridgeport - Stamford - Norwalk - Danbury	381,088	45
Columbus, Ohio	374,316	46
Middlesex - Somerset - Hunterdon	363,706	47
Providence - Pawtucket - Woonsocket	362,075	48
Indianapolis	358,610	49
New Haven - Waterbury - Meriden	333,720	50
Nashville	332,139	51
Albany - Schenectady - Troy	330,095	52
Rochester, N.Y.	325,702	53
Buffalo	304,710	54
Austin	288,035	55
Charlotte - Gastonia - Rock Hill	287,682	56
Oklahoma City	284,723	57
Jacksonville, Fla.	280,851	58
Worcester - Fitchburg - Leominster	278,030	59
Louisville	258,872	60
Raleigh - Durham	257,393	61
Springfield, Mass.	254,781	62
Greensboro - Winston-Salem - High Point	250,006	63
Oxnard - Ventura	244,933	64
Richmond - Petersburg	242,070	65
Salt Lake City - Ogden	233,974	66
Syracuse	226,287	67
Dayton - Springfield	220,479	68
Atlantic City	219,236	69
Scranton - Wilkes-Barre	216,871	70
Knoxville	213,536	71
Las Vegas	211,409	72
Omaha	206,409	73
Tacoma	204,624	74
Grand Rapids	201,938	75
New Bedford - Fall River - Attleboro	196,799	76
Portsmouth - Dover - Rochester	195,657	77
Allentown - Bethlehem - Easton	194,731	78
Santa Barbara - Santa Maria - Lompoc	194,052	79
Albuquerque	191,046	80
Memphis	190,178	81
Tulsa	188,378	82
Akron	188,364	83
Lake County, Ill.	184,591	84
Sarasota	183,480	85
Salinas - Seaside - Monterey	183,062	86
Toledo	183,054	87
Lancaster	182,665	88
Fort Myers - Cape Coral	178,259	89
Birmingham	176,860	90
Wilmington, Del.	174,725	91
Harrisburg - Lebanon - Carlisle	174,295	92
Tucson	173,439	93
Fresno	166,355	94
Charleston, S.C.	165,938	95
Manchester - Nashua	164,316	96
Santa Rosa - Petaluma	150,256	97
Vallejo - Fairfield - Napa	148,238	98
Greenville - Spartanburg	146,196	99
Portland, Me.	145,874	100
Madison	143,423	101
Wichita	140,513	102
Fort Wayne	138,863	103
Daytona Beach	136,315	104
Lansing - East Lansing	136,274	105
Melbourne - Titusville - Palm Bay	136,242	106
York	132,419	107
Des Moines	130,085	108
Anchorage	128,289	109
Spokane	127,173	110
Gary - Hammond	126,558	111
Reading	124,929	112
Little Rock - North Little Rock	124,822	113
Saginaw - Bay City - Midland	122,333	114
Stockton	122,256	115
Trenton	120,451	116
Lexington-Fayette	119,322	117
Bakersfield	118,478	118
Columbia, S.C.	117,485	119
Colorado Springs	115,928	120
El Paso	115,882	121
Baton Rouge	112,159	122
Jersey City	110,530	123
Youngstown - Warren	108,695	124
New London - Norwich	108,619	125
Modesto	106,856	126
Santa Cruz	103,800	127
Flint	103,758	128
Aurora - Elgin	103,735	129
Ann Arbor	99,924	130
Boulder - Longmont	99,908	131
Eugene - Springfield	99,246	132
Mobile	99,035	133
Utica - Rome	98,966	134
Canton	97,067	135
Orange County, N.Y.	96,734	136
Davenport - Rock Island - Moline	96,399	137
Appleton - Oshkosh - Neenah	93,776	138
Lakeland - Winter Haven	90,207	139
Binghamton	88,125	140
Salem, Ore.	87,123	141
Chattanooga	86,872	142
Jackson, Miss.	86,595	143
Burlington, Vt.	86,374	144
Erie	86,320	145
Rockford	85,699	146
Fort Pierce	85,533	147
Poughkeepsie	85,451	148
Tallahassee	83,378	149
Joliet	82,390	150
Augusta	80,137	151
Pittsfield	79,421	152
Gainesville	78,201	153
Roanoke	78,182	154
Corpus Christi	77,533	155
Peoria	76,288	156
Pensacola	76,172	157
Springfield, Mo.	75,432	158
Shreveport	75,066	159
Kalamazoo	73,280	160
Beaumont - Port Arthur	71,499	161
Naples	70,701	162
Bradenton	70,619	163
Evansville	70,398	164
Lubbock	70,355	165
Fort Walton Beach	69,998	166
Green Bay	69,986	167
Reno	68,792	168
Vancouver	68,625	169
Springfield, Ill.	68,091	170
Champaign - Urbana - Rantoul	67,315	171
Niagara Falls	66,659	172
Boise	66,562	173
Fort Collins - Loveland	66,238	174
Hamilton - Middletown	65,110	175
Macon - Warner Robins	65,068	176
Panama City	64,548	177
Savannah	64,355	178
South Bend - Mishawaka	62,553	179
Lincoln	62,475	180
Amarillo	60,558	181
Johnson City - Kingsport - Bristol	60,481	182
Duluth	59,889	183
Charleston, W.Va.	57,344	184
Chico	56,910	185
Visalia - Tulare - Porterville	55,311	186
Fayetteville, N.C.	54,524	187
Hickory - Morganton	54,148	188
Olympia	53,944	189
Racine	53,910	190
Huntsville	53,683	191
Fargo - Moorhead	53,656	192
Yakima	53,181	193
Ocala	53,114	194
Montgomery	53,012	195
Bangor	52,342	196
Medford	52,172	197
Huntington - Ashland	51,836	198
Columbus, Ga.	51,738	199
Cedar Rapids	51,502	200
Waco	51,438	201
Lafayette, La.	51,129	202
Galveston - Texas City	49,681	203
Bellingham	49,665	204
McAllen - Edinburg - Mission	49,340	205
Benton Harbor	48,843	206
Killeen - Temple	48,723	207
Glens Falls	48,509	208
Santa Fe	47,947	209
Bremerton	47,244	210
St. Cloud	46,671	211
Janesville - Beloit	45,915	212
Johnstown	45,750	213
State College	45,736	214
Lorain - Elyria	45,727	215
Sioux Falls	45,381	216
Richland - Kennewick - Pasco	45,016	217
Redding	44,973	218
Billings	44,735	219
La Crosse	44,520	220
Topeka	44,089	221
Asheville	43,985	222
Brownsville - Harlingen	43,771	223
Bloomington - Normal	43,422	224
Wilmington, N.C.	43,213	225
Muskegon	42,664	226
Lima	42,452	227
Wichita Falls	41,503	228
Eau Claire	40,897	229
Rochester, Minn.	40,815	230
Charlottesville	40,526	231
Fort Smith	40,444	232
Battle Creek	39,931	233
Merced	39,294	234
Tyler	39,226	235
Altoona	39,153	236
Houma - Thibodaux	38,953	237
Lynchburg	37,526	238
Longview - Marshall	37,440	239
Monroe	37,223	240
Elkhart - Goshen	36,808	241
Lewiston - Auburn	36,760	242
Terre Haute	36,729	243
Biloxi - Gulfport	36,327	244
Kenosha	36,165	245
Athens	35,046	246
Decatur, Ill.	35,035	247
Clarksville - Hopkinsville	34,946	248
Pueblo	34,494	249
Joplin	34,187	250
Lafayette - West Lafayette	34,186	251
Rapid City	34,046	252
Waterloo - Cedar Falls	34,001	253
Jamestown - Dunkirk	33,823	254
Cheyenne	32,192	255
Jackson, Mich.	32,140	256
Beaver County, Pa.	31,937	257
Lake Charles	31,796	258
Sioux City	31,647	259
Vineland - Millville - Bridgeton	30,801	260
Anderson, S.C.	30,379	261
Provo - Orem	30,328	262
Abilene	30,322	263
Parkersburg - Marietta	30,236	264
Bryan - College Station	30,205	265
Iowa City	30,089	266
Mansfield	29,831	267
Wausau	29,332	268
Sheboygan	29,237	269
Greeley	29,015	270
Williamsport	29,010	271
Bloomington, Ind.	28,971	272
Elmira	28,824	273
Sharon	28,821	274
Brazoria	28,475	275
Muncie	28,472	276
Burlington, N.C.	28,321	277
Columbia, Mo.	28,252	278
Bismarck	27,540	279
Dothan	27,455	280
Yuba City	27,400	281
Danville, Va.	26,684	282
Dubuque	26,644	283
Jacksonville, N.C.	26,101	284
Las Cruces	25,805	285
Kokomo	25,803	286
Tuscaloosa	25,728	287
Texarkana	25,617	288
Odessa	25,457	289
Midland, Tex.	25,449	290
Alexandria, La.	25,220	291
Wheeling	25,184	292
Yuma	24,599	293
Florence, S.C.	24,446	294
Albany, Ga.	24,425	295
Cumberland	24,326	296
Great Falls	24,141	297
Fayetteville - Springdale	23,762	298
Steubenville - Weirton	23,578	299
Anderson, Ind.	23,119	300
Laredo	22,872	301
Hagerstown	22,423	302
Grand Forks	22,348	303
Lawton	21,347	304
Kankakee	20,171	305
Lawrence, Kans.	20,102	306
Casper	19,937	307
San Angelo	19,868	308
Sherman - Denison	19,226	309
St. Joseph	18,399	310
Owensboro	18,313	311
Anniston	18,224	312
Florence, Ala.	18,009	313
Victoria	16,500	314
Decatur, Ala.	15,756	315
Jackson, Tenn.	15,300	316
Gadsden	14,886	317
Pascagoula	13,815	318
Pine Bluff	13,141	319
Enid	12,162	320
Total Above Areas	67,140,920	
Percent of U.S.	85.7316	
United States Total	78,315,232	

23RD ANNUAL RGI
METRO RANKING
RESTAURANT ACTIVITY INDEX
1989

Metro Area	RAI	Rank
Honolulu	215	1
Anchorage	172	2
Santa Fe	172	2
Wichita Falls	169	4
San Francisco	162	5
Salinas - Seaside - Monterey	157	6
Indianapolis	148	7
Fort Walton Beach	143	8
Abilene	141	9
Los Angeles - Long Beach	139	10
La Crosse	138	11
New York	138	11
Orlando	138	11
Albuquerque	137	14
Anaheim - Santa Ana	136	15
Atlanta	136	15
Cheyenne	135	17
Nashville	133	18
Wilmington, N.C.	133	18
Bloomington - Normal	132	20
Ann Arbor	131	21
Champaign - Urbana - Rantoul	131	21
Jacksonville, N.C.	131	21
Kenosha	128	24
Lexington-Fayette	128	24
Springfield, Mo.	128	24
Anniston	127	27
Louisville	127	27
Boston - Lawrence - Salem - Lowell - Brockton	125	29
Kalamazoo	125	29
Portland, Ore.	125	29
Knoxville	124	32
Springfield, Ill.	124	32
State College	124	32
Chicago	123	35
Fort Wayne	123	35
Greensboro - Winston-Salem - High Point	123	35
Lafayette - West Lafayette	123	35
Washington	123	35
Wichita	123	35
Bloomington, Ind.	121	41
Dothan	121	41
Muncie	121	41
San Diego	121	41
Minneapolis - St. Paul	120	45
Raleigh - Durham	120	45
San Jose	120	45
Athens	119	48
Atlantic City	119	48
Clarksville - Hopkinsville	119	48
Detroit	119	48
Kokomo	118	52
Lawrence, Kans.	118	52
St. Louis	118	52
Topeka	118	52
Fayetteville, N.C.	117	56
Sacramento	116	57
Colorado Springs	115	58
Decatur, Ala.	115	58
Macon - Warner Robins	115	58
Oklahoma City	115	58
Seattle	115	58
Huntsville	114	63
Lansing - East Lansing	114	63
Sarasota	114	63
Tuscaloosa	114	63
Evansville	113	67
Jacksonville, Fla.	113	67
Montgomery	113	67
Panama City	113	67
Columbia, S.C.	111	71
Dallas	111	71
Eugene - Springfield	111	71
Fargo - Moorhead	111	71
Lubbock	111	71
Savannah	111	71
Terre Haute	111	71
Fort Lauderdale - Hollywood - Pompano Beach	110	78
Baltimore	109	79
Grand Rapids	109	79
Hartford - New Britain - Middletown - Bristol	109	79
South Bend - Mishawaka	109	79
Charleston, S.C.	108	83
Columbus, Ga.	108	83
Kansas City	108	83
Madison	108	83
Springfield, Mass.	108	83
West Palm Beach - Boca Raton - Delray Beach	108	83
Bismarck	107	89
Burlington, Vt.	107	89
Cincinnati	107	89
Columbus, Ohio	107	89
Jackson, Miss.	107	89
New London - Norwich	107	89
Omaha	107	89
Saginaw - Bay City - Midland	107	89
Burlington, N.C.	106	97
Cleveland	106	97
Grand Forks	106	97
Miami - Hialeah	106	97
Norfolk - Virginia Beach - Newport News	106	97
Tallahassee	106	97
Benton Harbor	105	103
Denver	105	103
Green Bay	105	103
Joplin	105	103
Roanoke	105	103
Salem, Ore.	105	103
Vallejo - Fairfield - Napa	105	103
Worcester - Fitchburg - Leominster	105	103
Lake County, Ill.	104	111
Las Cruces	104	111
Melbourne - Titusville - Palm Bay	104	111
Muskegon	104	111
Pensacola	104	111
Pittsfield	104	111
Appleton - Oshkosh - Neenah	103	117
Charleston, W.Va.	103	117
Charlotte - Gastonia - Rock Hill	103	117
San Antonio	103	117
Biloxi - Gulfport	102	121
Boulder - Longmont	102	121
Jackson, Mich.	102	121
Oakland	102	121
Tacoma	102	121
Toledo	102	121
Augusta	101	127
Gainesville	101	127
Hamilton - Middletown	101	127
Little Rock - North Little Rock	101	127
Parkersburg - Marietta	101	127
Portland, Me.	101	127
Providence - Pawtucket - Woonsocket	101	127
Santa Barbara - Santa Maria - Lompoc	101	127
Battle Creek	100	135
Birmingham	100	135
Cumberland	100	135
Las Vegas	100	135
Asheville	99	139
Boise	99	139
Decatur, Ill.	99	139
Fort Collins - Loveland	99	139
Fort Myers - Cape Coral	99	139
Johnson City - Kingsport - Bristol	99	139
Peoria	99	139
Waco	99	139
Amarillo	98	147
Columbia, Mo.	98	147
Memphis	98	147
Rapid City	98	147
Reading	98	147
Rochester, Minn.	98	147
Tulsa	98	147
Bryan - College Station	97	154
Oxnard - Ventura	97	154
Racine	97	154
Austin	96	157
Chico	96	157
Elkhart - Goshen	96	157
Fort Worth - Arlington	96	157
Lima	96	157
Lincoln	96	157
Medford	96	157
New Orleans	96	157
Houston	95	165
Richmond - Petersburg	95	165
Santa Cruz	95	165
Santa Rosa - Petaluma	95	165
Tampa - St. Petersburg - Clearwater	95	165
Buffalo	94	170
Elmira	94	170
Hickory - Morganton	94	170
Huntington - Ashland	94	170
Lawton	94	170
Riverside - San Bernardino	94	170
Akron	93	176
Aurora - Elgin	93	176
Davenport - Rock Island - Moline	93	176
Dayton - Springfield	93	176
Milwaukee	93	176
Mobile	93	176
St. Joseph	93	176
Salt Lake City - Ogden	93	176
Beaumont - Port Arthur	92	184
Corpus Christi	92	184
Gary - Hammond	92	184
Lynchburg	92	184
Naples	92	184
New Haven - Waterbury - Meriden	92	184
Pittsburgh	92	184
Sharon	92	184
Trenton	92	184
Wilmington, Del.	92	184
Dubuque	91	194
Flint	91	194
Fort Smith	91	194
Greenville - Spartanburg	91	194
Lancaster	91	194
Manchester - Nashua	91	194
Merced	91	194
New Bedford - Fall River - Attleboro	91	194
Owensboro	91	194
Phoenix	91	194
Sioux Falls	91	194
Spokane	91	194
Stockton	91	194
Syracuse	91	194
Youngstown - Warren	91	194
Albany, Ga.	90	209
Joliet	90	209
Portsmouth - Dover - Rochester	90	209
Tucson	90	209
Bridgeport - Stamford - Norwalk - Danbury	89	213
Chattanooga	89	213
Gadsden	89	213
Harrisburg - Lebanon - Carlisle	89	213
Iowa City	89	213
Philadelphia	89	213
Rockford	89	213
Billings	88	220
Bradenton	88	220
Daytona Beach	88	220
Lakeland - Winter Haven	88	220
Modesto	88	220
Shreveport	88	220
Tyler	88	220
Charlottesville	87	227
Des Moines	87	227
Erie	87	227
Killeen - Temple	87	227
Monroe	87	227
Texarkana	87	227
San Angelo	86	233
York	86	233
El Paso	85	235
Newark	85	235
Reno	85	235
Vancouver	85	235
Albany - Schenectady - Troy	84	239
Cedar Rapids	84	239
Enid	84	239
Nassau - Suffolk	84	239
Sheboygan	84	239
Utica - Rome	84	239
Waterloo - Cedar Falls	84	239
Canton	83	246
Eau Claire	83	246
Fayetteville - Springdale	83	246
Fort Pierce	83	246
Janesville - Beloit	83	246
Rochester, N.Y.	83	246
Allentown - Bethlehem - Easton	82	252
Bellingham	82	252
Danville, Va.	82	252
Mansfield	82	252
Pueblo	82	252
Redding	82	252
St. Cloud	82	252
Scranton - Wilkes-Barre	82	252
Wausau	82	252
Bergen - Passaic	81	261
Binghamton	81	261
Casper	81	261
Fresno	81	261
Great Falls	81	261
Longview - Marshall	81	261
Niagara Falls	81	261
Richland - Kennewick - Pasco	81	261
Yakima	81	261
Brownsville - Harlingen	80	270
Anderson, Ind.	79	271
Florence, S.C.	79	271
Houma - Thibodaux	79	271
Middlesex - Somerset - Hunterdon	79	271
Olympia	79	271
Sioux City	79	271
Duluth	78	277
Glens Falls	78	277
Lafayette, La.	78	277
Provo - Orem	78	277
Jackson, Tenn.	77	281
Midland, Tex.	77	281
Monmouth - Ocean	76	283
Pascagoula	76	283
Wheeling	76	283
Yuma	76	283
Greeley	75	287
Altoona	74	288
Laredo	74	288
Victoria	74	288
Anderson, S.C.	73	291
Florence, Ala.	73	291
Lorain - Elyria	73	291
Alexandria, La.	72	294
Bakersfield	72	294
Baton Rouge	72	294
Bremerton	72	294
Pine Bluff	72	294
Ocala	71	299
Bangor	70	300
Kankakee	70	300
Yuba City	70	300
Hagerstown	69	303
Lewiston - Auburn	69	303
Poughkeepsie	69	303
Steubenville - Weirton	69	303
Jamestown - Dunkirk	68	307
Jersey City	68	307
Odessa	67	309
Galveston - Texas City	66	310
Orange County, N.Y.	65	311
Sherman - Denison	65	311
Johnstown	63	313
McAllen - Edinburg - Mission	62	314
Williamsport	61	315
Lake Charles	60	316
Beaver County, Pa.	59	317
Brazoria	58	318
Visalia - Tulare - Porterville	55	319
Vineland - Millville - Bridgeton	52	320
Total Above Areas	107	
United States Total	100	

23RD ANNUAL RGI

METRO RANKING

RESTAURANT GROWTH INDEX

1989

Metro Area	RGI	Rank
Las Vegas	418	1
Reno	311	2
Atlantic City	305	3
Washington	151	4
Orlando	150	5
Middlesex - Somerset - Hunterdon	145	6
Honolulu	141	7
Rochester, Minn.	140	8
Minneapolis - St. Paul	139	9
Newark	138	10
Trenton	134	11
Huntsville	130	12
Wilmington, Del.	129	13
San Jose	128	14
Tallahassee	128	14
Ann Arbor	126	16
Bergen - Passaic	126	16
Baltimore	125	18
Bismarck	123	19
Houston	123	19
Richland - Kennewick - Pasco	123	19
Boston - Lawrence - Salem - Lowell - Brockton	122	22
Philadelphia	122	22
Chicago	120	24
Hartford - New Britain - Middletown - Bristol	120	24
Anchorage	119	26
Dallas	119	26
Manchester - Nashua	119	26
Harrisburg - Lebanon - Carlisle	118	29
Miami - Hialeah	118	29
Montgomery	118	29
Nashville	118	29
Brazoria	117	33
Bridgeport - Stamford - Norwalk - Danbury	117	33
Grand Rapids	117	33
Burlington, Vt.	116	36
Kansas City	116	36
Memphis	116	36
New York	116	36
Lancaster	115	40
Los Angeles - Long Beach	115	40
San Diego	115	40
Atlanta	114	43
Milwaukee	114	43
Seattle	114	43
Anaheim - Santa Ana	113	46
Oxnard - Ventura	113	46
Richmond - Petersburg	113	46
Baton Rouge	112	49
Jackson, Miss.	112	49
Jersey City	112	49
Augusta	111	52
Lansing - East Lansing	111	52
Phoenix	111	52
Aurora - Elgin	110	55
Charlottesville	110	55
Lake County, Ill.	110	55
Lincoln	110	55
Pascagoula	110	55
Detroit	109	60
Jacksonville, Fla.	109	60
Louisville	109	60
Oakland	109	60
West Palm Beach - Boca Raton - Delray Beach	109	60
Beaumont - Port Arthur	108	65
Fort Worth - Arlington	108	65
Pensacola	108	65
Rochester, N.Y.	108	65
St. Louis	108	65
Sheboygan	108	65
York	108	65
Binghamton	107	72
Bremerton	107	72
Cincinnati	107	72
Iowa City	107	72
Nassau - Suffolk	107	72
Raleigh - Durham	107	72
Charleston, S.C.	106	78
Decatur, Ill.	106	78
Florence, S.C.	106	78
Indianapolis	106	78
Joliet	106	78
Madison	106	78
Saginaw - Bay City - Midland	106	78
Salinas - Seaside - Monterey	106	78
San Francisco	106	78
Charlotte - Gastonia - Rock Hill	105	87
Kalamazoo	105	87
Poughkeepsie	105	87
Salt Lake City - Ogden	105	87
Appleton - Oshkosh - Neenah	104	91
Galveston - Texas City	104	91
Grand Forks	104	91
Jackson, Tenn.	104	91
New Orleans	104	91
Norfolk - Virginia Beach - Newport News	104	91
Omaha	104	91
Columbia, S.C.	103	98
Denver	103	98
Lexington-Fayette	103	98
Sioux Falls	103	98
Worcester - Fitchburg - Leominster	103	98
Anniston	102	103
Hagerstown	102	103
Jackson, Mich.	102	103
Macon - Warner Robins	102	103
Peoria	102	103
Riverside - San Bernardino	102	103
Rockford	102	103
Cleveland	101	110
Columbus, Ohio	101	110
Dayton - Springfield	101	110
Lake Charles	101	110
New Haven - Waterbury - Meriden	101	110
Tampa - St. Petersburg - Clearwater	101	110
Champaign - Urbana - Rantoul	100	116
Des Moines	100	116
Gainesville	100	116
Green Bay	100	116
Kenosha	100	116
Lafayette - West Lafayette	100	116
Little Rock - North Little Rock	100	116
Portsmouth - Dover - Rochester	100	116
Savannah	100	116
Birmingham	99	125
Lakeland - Winter Haven	99	125
Springfield, Mo.	99	125
Vineland - Millville - Bridgeton	99	125
Boise	98	129
Fort Wayne	98	129
Lafayette, La.	98	129
Vallejo - Fairfield - Napa	98	129
Albany, Ga.	97	133
Fort Lauderdale - Hollywood - Pompano Beach	97	133
Greensboro - Winston-Salem - High Point	97	133
Monmouth - Ocean	97	133
Portland, Ore.	97	133
Springfield, Ill.	97	133
Battle Creek	96	139
Bloomington - Normal	96	139
El Paso	96	139
Erie	96	139
Knoxville	96	139
Topeka	96	139
Beaver County, Pa.	95	145
Columbia, Mo.	95	145
Fargo - Moorhead	95	145
Lorain - Elyria	95	145
New London - Norwich	95	145
Portland, Me.	95	145
Allentown - Bethlehem - Easton	94	151
Cedar Rapids	94	151
La Crosse	94	151
Shreveport	94	151
Albany - Schenectady - Troy	93	155
Bakersfield	93	155
Houma - Thibodaux	93	155
Syracuse	93	155
Asheville	92	159
Daytona Beach	92	159
Lynchburg	92	159
Pittsburgh	92	159
Sacramento	92	159
Santa Rosa - Petaluma	92	159
Springfield, Mass.	92	159
Vancouver	92	159
Bangor	91	167
St. Joseph	91	167
Athens	90	169
Austin	90	169
Danville, Va.	90	169
Evansville	90	169
Hamilton - Middletown	90	169
Merced	90	169
Mobile	90	169
Racine	90	169
Davenport - Rock Island - Moline	89	177
Fayetteville, N.C.	89	177
Johnson City - Kingsport - Bristol	89	177
Olympia	89	177
Akron	88	181
Alexandria, La.	88	181
Anderson, S.C.	88	181
Elkhart - Goshen	88	181
Flint	88	181
Fresno	88	181
Melbourne - Titusville - Palm Bay	88	181
Providence - Pawtucket - Woonsocket	88	181
Reading	88	181
Santa Fe	88	181
Tacoma	88	181
Tuscaloosa	88	181
Wichita	88	181
Greenville - Spartanburg	87	194
Kokomo	87	194
Lewiston - Auburn	87	194
Provo - Orem	87	194
Roanoke	87	194
Tucson	87	194
Yuba City	87	194
Albuquerque	86	201
Chattanooga	86	201
Gadsden	86	201
Hickory - Morganton	86	201
Kankakee	86	201
Lawrence, Kans.	86	201
Santa Barbara - Santa Maria - Lompoc	86	201
Waterloo - Cedar Falls	86	201
Biloxi - Gulfport	85	209
Bradenton	85	209
Elmira	85	209
Gary - Hammond	85	209
Greeley	85	209
Modesto	85	209
Naples	85	209
Parkersburg - Marietta	85	209
San Antonio	85	209
Stockton	85	209
Toledo	85	209
Anderson, Ind.	84	220
New Bedford - Fall River - Attleboro	84	220
Casper	83	222
Charleston, W.Va.	83	222
Cheyenne	83	222
Decatur, Ala.	83	222
Dothan	83	222
Laredo	83	222
Midland, Tex.	83	222
Orange County, N.Y.	83	222
Pine Bluff	83	222
Steubenville - Weirton	83	222
Colorado Springs	82	232
Eau Claire	82	232
Fayetteville - Springdale	82	232
Fort Walton Beach	82	232
Pittsfield	82	232
St. Cloud	82	232
Scranton - Wilkes-Barre	82	232
Spokane	82	232
Wausau	82	232
Yakima	82	232
Bloomington, Ind.	81	242
Corpus Christi	81	242
Fort Myers - Cape Coral	81	242
Fort Pierce	81	242
South Bend - Mishawaka	81	242
Columbus, Ga.	80	247
Lubbock	80	247
Terre Haute	80	247
Williamsport	80	247
Fort Collins - Loveland	79	251
Muncie	79	251
Muskegon	79	251
Tulsa	79	251
Wheeling	79	251
Buffalo	78	256
Huntington - Ashland	78	256
Santa Cruz	78	256
Waco	78	256
Youngstown - Warren	78	256
Burlington, N.C.	77	261
Florence, Ala.	77	261
Janesville - Beloit	77	261
Ocala	77	261
Wichita Falls	77	261
Yuma	77	261
Las Cruces	76	267
McAllen - Edinburg - Mission	76	267
Mansfield	76	267
Owensboro	76	267
Sarasota	76	267
Texarkana	76	267
Visalia - Tulare - Porterville	76	267
Duluth	75	274
Odessa	75	274
Rapid City	75	274
San Angelo	75	274
Altoona	74	278
Lima	74	278
Monroe	74	278
Sioux City	74	278
Tyler	74	278
Boulder - Longmont	73	283
Canton	73	283
Cumberland	73	283
Eugene - Springfield	73	283
Johnstown	73	283
Utica - Rome	73	283
Amarillo	72	289
Benton Harbor	72	289
Bryan - College Station	72	289
Dubuque	72	289
Fort Smith	71	293
Redding	71	293
State College	71	293
Billings	70	296
Brownsville - Harlingen	70	296
Clarksville - Hopkinsville	70	296
Pueblo	70	296
Jamestown - Dunkirk	69	300
Niagara Falls	69	300
Abilene	68	302
Chico	68	302
Killeen - Temple	68	302
Sharon	68	302
Sherman - Denison	68	302
Bellingham	66	307
Oklahoma City	66	307
Lawton	63	309
Panama City	63	309
Great Falls	62	311
Salem, Ore.	62	311
Victoria	62	311
Jacksonville, N.C.	61	314
Joplin	61	314
Longview - Marshall	60	316
Medford	60	316
Wilmington, N.C.	60	316
Glens Falls	56	319
Enid	53	320
Total Above Areas	108	
United States Total	100	

23RD ANNUAL RGI
METRO RANKING
POPULATION PER UNIT
1989

Metro Area	Pop. Per Unit	Rank
McAllen - Edinburg - Mission	1,287	1
Laredo	1,128	2
Anniston	1,119	3
Provo - Orem	1,078	4
Bremerton	1,068	5
Merced	1,056	6
Pascagoula	1,047	7
Montgomery	1,035	8
El Paso	1,032	9
Lake Charles	1,029	10
Beaver County, Pa	1,007	11
Gadsden	993	12
Brownsville - Harlingen	984	13
Houma - Thibodaux	984	13
Saginaw - Bay City - Midland	974	15
Johnstown	973	16
Joliet	972	17
Alexandria, La	967	18
Jackson, Mich	960	19
Baton Rouge	957	20
Greeley	955	21
Riverside - San Bernardino	944	22
Shreveport	939	23
Las Cruces	932	24
Lakeland - Winter Haven	929	25
Yuba City	929	25
Augusta	925	27
Ocala	924	28
Hamilton - Middletown	922	29
Jersey City	922	29
Huntington - Ashland	921	31
Pensacola	909	32
Beaumont - Port Arthur	908	33
Birmingham	907	34
Tacoma	907	34
Lorain - Elyria	906	36
Brazoria	901	37
Jackson, Miss	901	37
Bismarck	899	39
Yuma	898	40
Pine Bluff	897	41
Florence, S C	895	42
Charleston, S C	894	43
Visalia - Tulare - Porterville	892	44
Wheeling	892	44
Vineland - Millville - Bridgeton	891	46
Memphis	890	47
Sheboygan	888	48
Philadelphia	886	49
Johnson City - Kingsport - Bristol	885	50
Salt Lake City - Ogden	881	51
Wilmington, Del	881	51
Fayetteville, N C	876	53
Modesto	872	54
St Cloud	872	54
Mobile	869	56
Vancouver	868	57
Tallahassee	867	58
Kankakee	866	59
Columbus, Ga	865	60
Stockton	865	60
Jacksonville, N C	864	62
Huntsville	861	63
Steubenville - Weirton	861	63
Killeen - Temple	860	65
Tuscaloosa	860	65
Aurora - Elgin	859	67
Grand Rapids	857	68
Louisville	857	68
Bakersfield	854	70
Newark	853	71
Baltimore	852	72
Yakima	850	73
Anderson, S C	849	74
Jackson, Tenn	849	74
Detroit	847	76
Florence, Ala	847	76
Houston	846	78
York	844	79
Richland - Kennewick - Pasco	842	80
Texarkana	841	81
Oxnard - Ventura	839	82
Lansing - East Lansing	838	83
San Angelo	838	83
Parkersburg - Marietta	837	85
Middlesex - Somerset - Hunterdon	834	86
Fort Pierce	832	87
Lancaster	830	88
Vallejo - Fairfield - Napa	829	89
Decatur, Ala	827	90
Minneapolis - St Paul	826	91
Lafayette, La	822	92
Bryan - College Station	820	93
Bradenton	817	94
Flint	817	94
Macon - Warner Robins	816	96
Hagerstown	812	97
Binghamton	811	98
New Orleans	811	98
Elmira	810	100
Appleton - Oshkosh - Neenah	807	101
Anderson, Ind	806	102
Albany, Ga	805	103
Dothan	805	103
Olympia	804	105
Decatur, Ill	803	106
Dayton - Springfield	801	107
Clarksville - Hopkinsville	797	108
Rochester, Minn	796	109
Galveston - Texas City	794	110
New York	794	110
Fort Worth - Arlington	791	112
Fresno	791	112
Rockford	791	112
Lewiston - Auburn	789	115
San Diego	789	115
Athens	788	117
Biloxi - Gulfport	788	117
Gary - Hammond	788	117
Harrisburg - Lebanon - Carlisle	788	117
Little Rock - North Little Rock	788	117
Tucson	788	117
Chicago	787	123
Kenosha	787	123
Las Vegas	785	125
Erie	784	126
Green Bay	784	126
Danville, Va	783	128
Pittsburgh	783	128
Lake County, Ill	781	130
Milwaukee	781	130
Nashville	778	132
Wausau	778	132
Los Angeles - Long Beach	777	134
Cleveland	776	135
Grand Forks	775	136
Columbia, S C	774	137
Youngstown - Warren	774	137
Kansas City	773	139
St Louis	772	140
St Joseph	771	141
Tyler	769	142
Cincinnati	768	143
Rochester, N Y	768	143
Phoenix	767	145
Abilene	766	146
Bergen - Passaic	766	146
Trenton	765	148
Washington	765	148
Lawton	763	150
Norfolk - Virginia Beach - Newport News	763	150
Tampa - St Petersburg - Clearwater	761	152
Allentown - Bethlehem - Easton	759	153
Chico	759	153
Savannah	759	153
Lafayette - West Lafayette	758	156
Eau Claire	757	157
Melbourne - Titusville - Palm Bay	754	158
Akron	753	159
Chattanooga	752	160
Worcester - Fitchburg - Leominster	751	161
Lincoln	749	162
Odessa	749	162
Columbus, Ohio	748	164
Monroe	748	164
Bangor	745	166
Racine	745	166
Charlotte - Gastonia - Rock Hill	744	168
Miami - Hialeah	744	168
Waterloo - Cedar Falls	743	170
Boise	741	171
Lawrence, Kans	741	171
Jacksonville, Fla	740	173
Altoona	739	174
Elkhart - Goshen	739	174
Lynchburg	739	174
Poughkeepsie	739	174
San Antonio	739	174
Davenport - Rock Island - Moline	738	179
Fargo - Moorhead	738	179
Waco	738	179
Corpus Christi	737	182
Indianapolis	737	182
Omaha	736	184
Muskegon	734	185
Battle Creek	733	186
Greenville - Spartanburg	733	186
Iowa City	733	186
Charleston, W Va	732	189
Ann Arbor	731	190
Richmond - Petersburg	731	190
Sherman - Denison	731	190
Columbia, Mo	728	193
New Bedford - Fall River - Attleboro	728	193
Fayetteville - Springdale	727	195
Terre Haute	726	196
Muncie	725	197
Springfield, Mass	725	197
Cedar Rapids	724	199
Des Moines	724	199
Midland, Tex	724	199
Monmouth - Ocean	724	199
Gainesville	723	203
Peoria	723	203
Greensboro - Winston-Salem - High Point	722	205
Orlando	722	205
Sharon	722	205
Champaign - Urbana - Rantoul	721	208
Pueblo	721	208
Oakland	720	210
Orange County, N.Y	720	210
Sioux Falls	718	212
Williamsport	717	213
Fort Smith	713	214
Reno	713	214
Springfield, Mo	712	216
Fort Wayne	710	217
Hartford - New Britain - Middletown - Bristol	710	217
Salem, Ore	710	217
Utica - Rome	710	217
Canton	709	221
Spokane	709	221
Benton Harbor	708	223
Springfield, Ill.	708	223
Kalamazoo	707	225
Nassau - Suffolk	707	225
Toledo	707	225
Evansville	706	228
Sioux City	705	229
Reading	702	230
Cheyenne	701	231
Charlottesville	699	232
West Palm Beach - Boca Raton - Delray Beach	698	233
San Jose	697	234
Fort Collins - Loveland	696	235
Scranton - Wilkes-Barre	696	235
Syracuse	696	235
Mansfield	695	238
Bloomington - Normal	694	239
State College	694	239
Janesville - Beloit	693	241
Tulsa	693	241
Colorado Springs	691	243
Knoxville	690	244
Atlanta	689	245
Bridgeport - Stamford - Norwalk - Danbury	689	245
Wichita Falls	688	247
Lexington-Fayette	687	248
Owensboro	687	248
Denver	684	250
Victoria	684	250
Dallas	683	252
Duluth	682	253
Lima	682	253
Santa Rosa - Petaluma	682	253
New Haven - Waterbury - Meriden	681	256
Salinas - Seaside - Monterey	681	256
Boston - Lawrence - Salem - Lowell - Brockton	680	258
Dubuque	680	258
Kokomo	679	260
Cumberland	678	261
Daytona Beach	677	262
Providence - Pawtucket - Woonsocket	676	263
Joplin	675	264
Bloomington, Ind	674	265
Sacramento	674	265
Hickory - Morganton	671	267
Albany - Schenectady - Troy	670	268
Jamestown - Dunkirk	667	269
Lubbock	667	269
Asheville	665	271
Portsmouth - Dover - Rochester	665	271
Manchester - Nashua	664	273
Redding	662	274
Burlington, Vt	660	275
Madison	659	276
Topeka	659	276
Raleigh - Durham	658	278
South Bend - Mishawaka	656	279
Buffalo	651	280
Fort Lauderdale - Hollywood - Pompano Beach	651	280
Fort Myers - Cape Coral	646	282
Medford	645	283
Albuquerque	643	284
Anaheim - Santa Ana	642	285
Portland, Ore	640	286
Seattle	640	286
Burlington, N C	636	288
New London - Norwich	636	288
Fort Walton Beach	631	290
Honolulu	630	291
Eugene - Springfield	627	292
La Crosse	627	292
Casper	621	294
Longview - Marshall	621	294
Niagara Falls	614	296
Austin	611	297
Roanoke	607	298
Anchorage	600	299
Wichita	599	300
Naples	598	301
Santa Cruz	598	301
Sarasota	594	303
Amarillo	591	304
Bellingham	586	305
Oklahoma City	586	305
Enid	574	307
Santa Barbara - Santa Maria - Lompoc	571	306
Pittsfield	568	309
Santa Fe	556	310
Portland, Me	554	311
Rapid City	545	312
Great Falls	540	313
Boulder - Longmont	531	314
Billings	529	315
Panama City	504	316
Wilmington, N C	471	317
San Francisco	455	318
Glens Falls	416	319
Atlantic City	381	320
Total Above Areas	755	
United States Total	762	

23RD ANNUAL RGI
METRO RANKING
PER CAPITA EATING PLACE SALES 1989

Metro Area	Per Capita Sales	Rank
Anchorage	1,478	1
Honolulu	1,415	2
San Francisco	1,225	3
Anaheim - Santa Ana	1 104	4
Atlantic City	1,094	5
Orlando	1,089	6
Portland, Me.	1,076	7
Sarasota	1,019	8
Burlington, Vt.	995	9
Wilmington, N.C	977	10
Boston - Lawrence - Salem - Lowell - Brockton	967	11
Seattle	954	12
Naples	928	13
Washington	916	14
Dallas	915	15
Raleigh - Durham	914	16
Santa Fe	914	16
Portsmouth - Dover - Rochester	907	18
Austin	896	19
Santa Barbara - Santa Maria - Lompoc	896	19
Lexington-Fayette	895	21
Panama City	888	22
Atlanta	883	23
West Palm Beach - Boca Raton - Delray Beach	877	24
Fort Myers - Cape Coral	867	25
Pittsfield	859	26
Boulder - Longmont	858	27
Manchester - Nashua	848	28
La Crosse	847	29
Wichita Falls	841	30
Indianapolis	832	31
Los Angeles - Long Beach	830	32
San Diego	827	33
San Jose	825	34
Santa Cruz	824	35
Fort Lauderdale - Hollywood - Pompano Beach	823	36
Champaign - Urbana - Rantoul	818	37
Fort Walton Beach	816	38
Salinas - Seaside - Monterey	803	39
Bridgeport - Stamford - Norwalk - Danbury	801	40
Wichita	798	41
Cheyenne	797	42
Lubbock	797	42
Albuquerque	796	44
Portland, Ore	796	44
Springfield, Mo.	795	46
Hartford - New Britain - Middletown - Bristol	792	47
Amarillo	785	48
Minneapolis - St. Paul	785	48
Rapid City	781	50
Fort Worth - Arlington	778	51
Oklahoma City	778	51
Nashville	776	53
Oakland	774	54
Roanoke	774	54
Glens Falls	769	56
New London - Norwich	769	56
New Bedford - Fall River - Attleboro	767	58
Sacramento	764	59
New Orleans	759	60
State College	758	61
Rochester, Minn	754	62
San Antonio	752	63
Knoxville	748	64
Cincinnati	747	65
Daytona Beach	743	66
New Haven - Waterbury - Meriden	742	67
Iowa City	740	68
Ann Arbor	738	69
Nassau - Suffolk	738	69
Fargo - Moorhead	737	71
Santa Rosa - Petaluma	737	71
Las Vegas	735	73
Bellingham	734	74
Springfield, Mass	734	74
Worcester - Fitchburg - Leominster	734	74
Louisville	733	77
Springfield, Ill	733	77
Spokane	731	79
Tampa - St. Petersburg - Clearwater	731	79
Huntsville	730	81
Fort Wayne	728	82
Burlington, N.C.	727	83
Bloomington, Ind.	725	84
Madison	725	84
Des Moines	723	86
Bloomington - Normal	722	87
Chicago	722	87
Charlottesville	720	89
Omaha	720	89
Jacksonville, Fla	719	91
Topeka	718	92
Billings	717	93
Terre Haute	717	93
Columbia, S.C.	716	95
Norfolk - Virginia Beach - Newport News	716	95
Denver	711	97
Oxnard - Ventura	711	97
Tulsa	711	97
Greensboro - Winston-Salem - High Point	709	100
Lake County, Ill.	709	100
New York	708	102
Monroe	707	103
Lancaster	705	104
Lawrence, Kans	705	104
Albany - Schenectady - Troy	702	106
Kansas City	701	107
Lafayette - West Lafayette	701	107
Eugene - Springfield	700	109
Phoenix	699	110
Providence - Pawtucket - Woonsocket	699	110
Bergen - Passaic	698	112
Syracuse	696	113
Charlotte - Gastonia - Rock Hill	695	114
Richmond - Petersburg	694	115
Charleston, W Va	692	116
Trenton	690	117
Dothan	687	118
Gainesville	684	119
Waco	684	119
Asheville	682	121
Baltimore	682	121
Savannah	682	121
Bradenton	681	124
St. Louis	681	124
Medford	679	126
Kalamazoo	678	127
Charleston, S.C	676	128
Boise	675	129
Columbus, Ohio	675	129
Fort Collins - Loveland	674	131
Middlesex - Somerset - Hunterdon	671	132
Rochester, N.Y	670	133
Detroit	669	134
Melbourne - Titusville - Palm Bay	669	134
Vallejo - Fairfield - Napa	667	136
Green Bay	664	137
Lafayette, La	663	138
Buffalo	662	139
Kokomo	662	139
Sioux Falls	661	141
South Bend - Mishawaka	661	141
Monmouth - Ocean	660	143
Fort Pierce	659	144
Columbia, Mo	657	145
Reading	655	146
Tallahassee	655	146
Tyler	654	148
Grand Forks	653	149
Little Rock - North Little Rock	652	150
Bismarck	651	151
Tacoma	651	151
Bangor	648	153
Hickory - Morganton	646	154
Cedar Rapids	644	155
Evansville	640	156
Lincoln	638	157
Riverside - San Bernardino	638	157
Fort Smith	637	159
Colorado Springs	636	160
Miami - Hialeah	636	160
Lansing - East Lansing	634	162
Rockford	634	162
Houston	633	164
Milwaukee	633	164
Dubuque	632	166
Joplin	632	166
Greenville - Spartanburg	631	168
Abilene	628	169
Decatur, Ala	626	170
Elkhart - Goshen	624	171
Toledo	622	172
Bryan - College Station	619	173
Lewiston - Auburn	619	173
Wilmington, Del	619	173
Athens	617	176
Olympia	616	177
Binghamton	615	178
York	615	178
Fayetteville - Springdale	613	180
Parkersburg - Marietta	613	180
Salem, Ore	613	180
Lima	612	183
Dayton - Springfield	611	184
Muncie	610	185
Reno	610	185
Janesville - Beloit	606	187
Philadelphia	606	187
Aurora - Elgin	605	189
Orange County, N.Y.	604	190
Erie	602	191
Cleveland	601	192
Corpus Christi	601	192
Allentown - Bethlehem - Easton	599	194
Biloxi - Gulfport	598	195
Decatur, Ill.	598	195
Harrisburg - Lebanon - Carlisle	596	197
Owensboro	596	197
Akron	594	199
Chico	594	199
Poughkeepsie	592	201
Benton Harbor	591	202
Newark	591	202
Midland, Tex	590	204
Redding	590	204
Jackson, Miss	588	206
Macon - Warner Robins	588	206
Galveston - Texas City	587	208
Davenport - Rock Island - Moline	585	209
Tuscaloosa	585	209
Appleton - Oshkosh - Neenah	584	211
Augusta	582	212
Baton Rouge	582	212
Battle Creek	582	212
Pittsburgh	581	215
Scranton - Wilkes-Barre	581	215
Houma - Thibodaux	580	217
Sioux City	580	217
Montgomery	578	219
Altoona	576	220
Enid	575	221
Great Falls	575	221
Fresno	574	223
Birmingham	573	224
Lynchburg	572	225
Utica - Rome	572	225
Modesto	569	227
Racine	568	228
Salt Lake City - Ogden	568	228
Longview - Marshall	565	230
Elmira	564	231
Fayetteville, N.C	564	231
Grand Rapids	562	233
Shreveport	561	234
Niagara Falls	559	235
Casper	557	236
Victoria	555	237
Clarksville - Hopkinsville	552	238
Albany, Ga	550	239
Jacksonville, N.C	550	239
Vancouver	550	239
Mobile	549	242
Tucson	548	243
Saginaw - Bay City - Midland	547	244
Danville, Va	546	245
Chattanooga	544	246
Muskegon	544	246
Peoria	544	246
Richland - Kennewick - Pasco	544	246
Beaumont - Port Arthur	541	250
Kenosha	541	250
Columbus, Ga	539	252
Pensacola	538	253
St. Joseph	538	253
Stockton	538	253
Eau Claire	537	256
Texarkana	536	257
Cumberland	533	258
Flint	533	258
Hamilton - Middletown	533	258
Mansfield	533	258
Anderson, S.C	523	262
Odessa	519	263
Sheboygan	517	264
Memphis	515	265
Pueblo	513	266
Yakima	510	267
San Angelo	509	268
Bakersfield	506	269
Lawton	506	269
Florence, S.C	505	271
Canton	503	272
Lake Charles	502	273
Lakeland - Winter Haven	502	273
Alexandria, La	501	275
Sherman - Denison	501	275
Killeen - Temple	499	277
Ocala	498	278
Huntington - Ashland	496	279
El Paso	495	280
Jackson, Tenn	492	281
Youngstown - Warren	492	281
Waterloo - Cedar Falls	491	283
Anniston	489	284
Gary - Hammond	489	284
Gadsden	480	286
Williamsport	474	287
St. Cloud	473	288
Johnson City - Kingsport - Bristol	472	289
Wausau	471	290
Bremerton	469	291
Yuma	468	292
Laredo	462	293
Wheeling	461	294
Duluth	460	295
Anderson, Ind	454	296
Sharon	454	296
Jamestown - Dunkirk	451	298
Joliet	447	299
Jackson, Mich	435	300
Florence, Ala	433	301
Hagerstown	424	302
Yuba City	423	303
Pine Bluff	422	304
Kankakee	420	305
Brownsville - Harlingen	419	306
Las Cruces	416	307
Merced	415	308
Vineland - Millville - Bridgeton	408	309
Jersey City	401	310
Greeley	399	311
Lorain - Elyria	385	312
Brazoria	382	313
Steubenville - Weirton	366	314
Pascagoula	356	315
Johnstown	354	316
Visalia - Tulare - Porterville	341	317
Beaver County, Pa	327	318
McAllen - Edinburg - Mission	327	318
Provo - Orem	305	320
Total Above Areas	716	
United States Total	651	

23RD ANNUAL RGI
METRO RANKING
PER CAPITA FAST FOOD SALES 1989

Metro Area	Per Capita Sales	Rank
Wilmington, N.C	511	1
Honolulu	502	2
Anchorage	472	3
Lexington-Fayette	444	4
Huntsville	443	5
Indianapolis	440	6
Decatur, Ala	438	7
Raleigh - Durham	435	8
Anaheim - Santa Ana	418	9
Dothan	417	10
Charleston, W.Va	411	11
Atlanta	409	12
Santa Fe	402	13
Louisville	399	14
Austin	394	15
Wichita Falls	388	16
Portland, Me	387	17
Wichita	385	18
Burlington, N.C	381	19
Bloomington, Ind	377	20
Springfield, Mo	377	20
Nashville	373	22
Terre Haute	373	22
Topeka	373	22
Lubbock	367	25
Fargo - Moorhead	366	26
Lawrence, Kans	366	26
Orlando	366	26
Parkersburg - Marietta	366	26
Dallas	365	30
Lafayette - West Lafayette	365	30
Fort Worth - Arlington	364	32
Amarillo	362	33
Charlotte - Gastonia - Rock Hill	362	33
Jacksonville, Fla	359	35
Asheville	357	36
Oklahoma City	357	36
San Antonio	357	36
Tuscaloosa	355	39
Biloxi - Gulfport	352	40
Montgomery	351	41
Atlantic City	349	42
Kokomo	344	43
Savannah	344	43
South Bend - Mishawaka	344	43
Fort Smith	343	46
Knoxville	341	47
Naples	340	48
Tulsa	340	48
Hickory - Morganton	338	50
Owensboro	338	50
Roanoke	338	50
Columbia, S.C	336	53
Columbus, Ohio	336	53
Greenville - Spartanburg	336	53
Monroe	335	56
Norfolk - Virginia Beach - Newport News	335	56
Albuquerque	334	58
Kansas City	334	58
Champaign - Urbana - Rantoul	333	60
Evansville	333	60
Fayetteville - Springdale	332	62
Little Rock - North Little Rock	331	63
Sacramento	330	64
Cheyenne	328	65
Seattle	328	65
Greensboro - Winston-Salem - High Point	327	67
Iowa City	327	67
Panama City	325	69
Elkhart - Goshen	324	70
St. Louis	323	71
Grand Forks	322	72
Bismarck	321	73
Dayton - Springfield	321	73
La Crosse	321	73
Richmond - Petersburg	320	76
San Diego	320	76
Rapid City	318	78
Muncie	317	79
Omaha	317	79
Cincinnati	316	81
Corpus Christi	316	81
Spokane	316	81
Waco	316	81
Birmingham	315	85
San Jose	315	85
Charlottesville	314	87
Lafayette, La	314	87
Fort Wayne	313	89
Santa Cruz	313	89
Columbia, Mo	312	91
Athens	311	92
San Francisco	310	93
Vallejo - Fairfield - Napa	309	94
Boulder - Longmont	308	95
New Orleans	308	95
Ann Arbor	307	97
Riverside - San Bernardino	307	97
Washington	307	97
Chattanooga	305	100
Las Vegas	305	100
Daytona Beach	304	102
Augusta	303	103
Tyler	302	104
Oakland	301	105
Boise	300	106
Joplin	300	106
Oxnard - Ventura	300	106
Fort Walton Beach	299	109
Los Angeles - Long Beach	299	109
Springfield, Ill	299	109
Des Moines	298	112
Portland, Ore	298	112
Anniston	297	114
Macon - Warner Robins	297	114
Jackson, Miss	296	116
Fayetteville, N.C	295	117
New Bedford - Fall River - Attleboro	295	117
Santa Barbara - Santa Maria - Lompoc	295	117
Bloomington - Normal	294	120
Huntington - Ashland	294	120
Mobile	294	120
Pensacola	293	123
Johnson City - Kingsport - Bristol	292	124
Gadsden	291	125
Lincoln	291	125
Salt Lake City - Ogden	291	125
Baton Rouge	290	128
Lima	290	128
Shreveport	290	128
Abilene	289	131
Jacksonville, N.C	288	132
Minneapolis - St. Paul	288	132
Enid	287	134
Bryan - College Station	285	135
Cedar Rapids	285	135
Clarksville - Hopkinsville	285	135
Lansing - East Lansing	284	138
Baltimore	283	139
Billings	282	140
Kalamazoo	282	140
Phoenix	281	142
Dubuque	279	143
Albany, Ga	278	144
Colorado Springs	278	144
Manchester - Nashua	278	144
Rochester, Minn	278	144
Eugene - Springfield	277	148
Charleston, S.C	276	149
Wheeling	276	149
Detroit	275	151
Houma - Thibodaux	275	151
Madison	275	151
State College	275	151
Beaumont - Port Arthur	274	155
Tampa - St. Petersburg - Clearwater	273	156
Bellingham	272	157
Columbus, Ga	272	157
Fresno	272	157
Midland, Tex	272	157
Galveston - Texas City	271	161
Burlington, Vt	269	162
Medford	269	162
Sioux Falls	269	162
Davenport - Rock Island - Moline	267	165
Portsmouth - Dover - Rochester	266	166
Salinas - Seaside - Monterey	266	166
New London - Norwich	265	168
Buffalo	264	169
Akron	263	170
Florence, Ala	263	170
Santa Rosa - Petaluma	263	170
Toledo	263	170
Bakersfield	262	174
Lake County, Ill	262	174
Longview - Marshall	261	176
Houston	260	177
Reno	260	177
Stockton	260	177
Anderson, S.C	258	180
Rochester, N.Y	258	180
Rockford	258	180
Boston - Lawrence - Salem - Lowell - Brockton	257	183
Chicago	257	183
St. Joseph	256	185
Sioux City	256	185
Victoria	256	185
Cleveland	255	188
Melbourne - Titusville - Palm Bay	255	188
Jackson, Tenn	254	190
Peoria	254	190
Flint	253	192
Hamilton - Middletown	253	192
Mansfield	253	192
Wilmington, Del	253	192
Green Bay	252	196
Lawton	252	196
Gainesville	251	198
Memphis	251	198
Bradenton	250	200
Fort Lauderdale - Hollywood - Pompano Beach	250	200
Lynchburg	250	200
Sarasota	250	200
Tacoma	250	200
Florence, S.C	249	205
Harrisburg - Lebanon - Carlisle	249	205
Texarkana	247	207
Aurora - Elgin	246	208
Benton Harbor	246	208
Fort Myers - Cape Coral	246	208
Hartford - New Britain - Middletown - Bristol	246	208
Denver	245	212
Lakeland - Winter Haven	245	212
Milwaukee	245	212
Springfield, Mass	245	212
West Palm Beach - Boca Raton - Delray Beach	245	212
Worcester - Fitchburg - Leominster	245	212
Decatur, Ill	244	218
Pittsfield	243	219
Salem, Ore	243	219
Battle Creek	242	221
Fort Collins - Loveland	242	221
Fort Pierce	242	221
Gary - Hammond	242	221
Canton	241	225
New Haven - Waterbury - Meriden	240	226
Odessa	240	226
Tallahassee	240	226
Alexandria, La	238	229
Danville, Va	238	229
Lake Charles	238	229
York	238	229
Syracuse	237	233
Anderson, Ind	236	234
Providence - Pawtucket - Woonsocket	236	234
San Angelo	235	236
Tucson	235	236
Bangor	233	238
Appleton - Oshkosh - Neenah	232	239
El Paso	232	239
Scranton - Wilkes-Barre	231	241
Sherman - Denison	231	241
Janesville - Beloit	230	243
Killeen - Temple	230	243
Casper	229	245
Pine Bluff	229	245
Albany - Schenectady - Troy	228	247
Olympia	228	247
Reading	228	247
Cumberland	227	250
Chico	226	251
Great Falls	226	251
Muskegon	226	251
Youngstown - Warren	226	251
Redding	224	255
Lewiston - Auburn	222	256
Lancaster	221	257
Saginaw - Bay City - Midland	220	258
Erie	219	259
Grand Rapids	219	259
Modesto	217	261
Waterloo - Cedar Falls	217	261
Trenton	216	263
Racine	215	264
Glens Falls	214	265
Middlesex - Somerset - Hunterdon	214	265
Laredo	213	267
Pittsburgh	213	267
Allentown - Bethlehem - Easton	212	269
Bridgeport - Stamford - Norwalk - Danbury	212	269
Pascagoula	210	271
Altoona	209	272
Kenosha	205	273
Miami - Hialeah	205	273
Eau Claire	204	275
Vancouver	204	275
Richland - Kennewick - Pasco	201	277
Philadelphia	197	278
Sheboygan	196	279
Bergen - Passaic	194	280
Brownsville - Harlingen	193	281
Yakima	189	282
Monmouth - Ocean	188	283
Nassau - Suffolk	187	284
Yuma	186	285
Pueblo	184	286
Las Cruces	183	287
Joliet	182	288
Lorain - Elyria	182	288
Ocala	182	288
Jackson, Mich	181	291
Wausau	179	292
Hagerstown	178	293
Newark	177	294
Brazoria	176	295
Jamestown - Dunkirk	175	296
Steubenville - Weirton	175	296
Bremerton	174	298
St. Cloud	174	298
Williamsport	172	300
Binghamton	171	301
Kankakee	171	301
Duluth	170	303
Orange County, N.Y	168	304
Poughkeepsie	165	305
Sharon	165	305
Yuba City	161	307
New York	159	308
Utica - Rome	159	308
Merced	158	310
Elmira	157	311
Provo - Orem	156	312
Niagara Falls	155	313
McAllen - Edinburg - Mission	151	314
Greeley	143	315
Jersey City	143	315
Visalia - Tulare - Porterville	130	317
Johnstown	128	318
Vineland - Millville - Bridgeton	128	318
Beaver County, Pa	119	320
Total Above Areas	278	
United States Total	262	

23RD ANNUAL RGI

METRO RANKING

PER CAPITA RESTAURANT SALES 1989

Metro Area	Per Capita Sales	Rank
San Francisco	747	1
Atlantic City	692	2
Sarasota	588	3
Honolulu	668	4
Burlington, Vt	632	5
Orlando	625	6
Portland, Me	614	7
Anchorage	583	8
Anaheim - Santa Ana	576	9
West Palm Beach - Boca Raton - Delray Beach	571	10
Portsmouth - Dover - Rochester	567	11
Boston - Lawrence - Salem - Lowell - Brockton	562	12
Pittsfield	560	13
Santa Barbara - Santa Maria - Lompoc	557	14
Fort Myers - Cape Coral	553	15
Seattle	535	16
Salinas - Seaside - Monterey	516	17
Fort Lauderdale - Hollywood - Pompano Beach	508	18
Naples	501	19
Manchester - Nashua	493	20
Panama City	479	21
Bridgeport - Stamford - Norwalk - Danbury	462	22
Washington	462	22
La Crosse	461	24
Boulder - Longmont	448	25
Fort Walton Beach	441	26
Lancaster	439	27
Los Angeles - Long Beach	439	27
San Diego	439	27
Santa Cruz	435	30
Cheyenne	433	31
Springfield, Mass	428	32
Hartford - New Britain - Middletown - Bristol	427	33
San Jose	427	33
New London - Norwich	425	35
Santa Fe	422	36
Rapid City	419	37
Glens Falls	418	38
Portland, Ore	418	38
Monmouth - Ocean	416	40
New Haven - Waterbury - Meriden	416	40
Bellingham	407	42
Minneapolis - St Paul	406	43
Madison	405	44
Nassau - Suffolk	405	44
Worcester - Fitchburg - Leominster	405	44
New York	401	47
Rochester, Minn	401	47
Oakland	400	49
New Bedford - Fall River - Attleboro	395	50
Providence - Pawtucket - Woonsocket	395	50
Santa Rosa - Petaluma	395	50
State College	388	53
Champaign - Urbana - Rantoul	387	54
Albany - Schenectady - Troy	384	55
Austin	384	55
Billings	384	55
Tampa - St Petersburg - Clearwater	383	58
Sacramento	381	59
Albuquerque	380	60
Daytona Beach	379	61
Dallas	378	62
Fort Wayne	377	63
Reading	375	64
Chicago	371	65
Bangor	370	66
Gainesville	369	67
Bradenton	368	68
Raleigh - Durham	368	68
Middlesex - Somerset - Hunterdon	367	70
Denver	366	71
Eugene - Springfield	365	72
Oxnard - Ventura	364	73
Tacoma	364	73
Lake County, Ill	363	75
Trenton	363	75
Ann Arbor	362	77
Green Bay	361	78
Wilmington, N C	360	79
Bergen - Passaic	359	80
Atlanta	357	81
Fort Pierce	356	82
Medford	355	83
Sioux Falls	355	83
Spokane	355	83
Tallahassee	354	86
Fargo - Moorhead	353	87
Lewiston - Auburn	353	87
Fort Collins - Loveland	351	89
Knoxville	350	90
Springfield, Ill	347	91
Cincinnati	345	92
Iowa City	345	92
Syracuse	345	92
Bloomington - Normal	342	95
Olympia	342	95
Lexington-Fayette	341	97
Roanoke	341	97
Vallejo - Fairfield - Napa	341	97
Nashville	336	100
Binghamton	334	101
Miami - Hialeah	334	101
Omaha	333	103
Phoenix	333	103
Kalamazoo	332	105
Janesville - Beloit	330	106
Wichita Falls	330	106
Des Moines	329	108
Melbourne - Titusville - Palm Bay	329	108
Orange County, N Y	329	108
Rochester, N Y	328	111
New Orleans	327	112
Milwaukee	324	113
Charleston, S C	323	114
Boise	322	115
Poughkeepsie	322	115
Las Vegas	320	117
Salem, Ore	320	117
York	320	117
Charlottesville	317	120
Springfield, Mo	317	120
Buffalo	315	122
Philadelphia	315	122
Chico	314	124
Bismarck	313	125
Detroit	313	125
Grand Forks	313	125
Lansing - East Lansing	313	125
Lubbock	312	129
Redding	311	130
Utica - Rome	311	130
Norfolk - Virginia Beach - Newport News	310	132
Wichita	310	132
Racine	309	134
Amarillo	308	135
Erie	308	135
Great Falls	308	135
Elmira	307	138
Vancouver	305	139
Niagara Falls	304	140
Casper	303	141
Fort Worth - Arlington	303	141
Grand Rapids	302	143
Richland - Kennewick - Pasco	302	143
Wilmington, Del	301	145
Cedar Rapids	300	146
Modesto	300	146
Rockford	300	146
Jacksonville, Fla	299	149
Saginaw - Bay City - Midland	299	149
Appleton - Oshkosh - Neenah	297	151
Kenosha	295	152
Lincoln	295	152
San Antonio	295	152
Toledo	295	152
Altoona	294	156
Dubuque	294	156
Pittsburgh	294	156
Riverside - San Bernardino	294	156
Harrisburg - Lebanon - Carlisle	293	160
Scranton - Wilkes-Barre	293	160
Eau Claire	292	162
Oklahoma City	292	162
Benton Harbor	290	164
Colorado Springs	289	165
Akron	288	166
Newark	287	167
Aurora - Elgin	286	168
Indianapolis	286	168
Kansas City	286	168
Allentown - Bethlehem - Easton	285	171
Baltimore	285	171
Battle Creek	285	171
Decatur, Ill	283	174
Richmond - Petersburg	283	174
Yakima	283	174
Bloomington, Ind	281	177
Cleveland	281	177
Sheboygan	281	177
Reno	280	180
Terre Haute	278	181
Columbus, Ohio	277	182
Houston	275	183
Lafayette - West Lafayette	272	184
Sioux City	270	185
Ocala	269	186
Burlington, N C	268	187
Louisville	268	187
Waco	268	187
Muskegon	267	190
Pueblo	267	190
Greensboro - Winston-Salem - High Point	266	192
Lima	265	193
Topeka	265	193
Fresno	264	195
Columbia, Mo	262	196
Davenport - Rock Island - Moline	262	196
Tucson	262	196
Lawrence, Kans	261	199
Bremerton	260	200
Monroe	259	201
Kokomo	257	202
Savannah	256	203
South Bend - Mishawaka	256	203
Tyler	256	203
Wausau	256	203
Charlotte - Gastonia - Rock Hill	255	207
Columbia, S C	255	207
Stockton	255	207
Tulsa	254	210
Yuma	254	210
Joplin	252	212
St. Louis	252	212
Asheville	251	214
Lynchburg	251	214
St Cloud	251	214
Evansville	247	217
Abilene	246	218
Duluth	244	219
Lafayette, La	243	220
Bryan - College Station	242	221
Elkhart - Goshen	242	221
Williamsport	242	221
Danville, Va	240	224
Little Rock - North Little Rock	240	224
Canton	239	226
Flint	239	226
Hickory - Morganton	238	228
Cumberland	236	229
Muncie	236	229
Jamestown - Dunkirk	234	231
Dayton - Springfield	233	232
Athens	232	233
Greenville - Spartanburg	232	233
Sharon	232	233
Hamilton - Middletown	231	236
Mansfield	231	236
Midland, Tex	231	236
Galveston - Texas City	230	239
Waterloo - Cedar Falls	229	240
Yuba City	223	241
Longview - Marshall	222	242
Bakersfield	221	243
Macon - Warner Robins	221	243
Lakeland - Winter Haven	220	245
Peoria	220	245
Charleston, W Va	219	247
Merced	219	247
Salt Lake City - Ogden	219	247
Vineland - Millville - Bridgeton	218	250
Clarksville - Hopkinsville	217	251
Fort Smith	217	251
Huntsville	217	251
Victoria	217	251
Corpus Christi	215	255
Jackson, Miss	215	255
St Joseph	215	255
Youngstown - Warren	214	258
Houma - Thibodaux	213	259
Jackson, Mich	213	259
Joliet	212	261
Pensacola	212	261
Fayetteville - Springdale	211	263
Texarkana	210	264
Shreveport	209	265
Anderson, S C	208	266
Baton Rouge	208	266
Fayetteville, N C	208	266
Greeley	208	266
Owensboro	208	266
Albany, Ga	206	271
Dothan	204	272
Enid	204	272
Gary - Hammond	204	272
Jersey City	204	272
Jacksonville, N C	203	276
Odessa	203	276
Columbus, Ga	202	278
Mobile	202	278
Florence, S C	201	280
Kankakee	199	281
San Angelo	199	281
Augusta	197	283
Chattanooga	196	284
El Paso	196	284
Sherman - Denison	196	284
Beaumont - Port Arthur	195	287
Killeen - Temple	195	287
Jackson, Tenn	194	289
Memphis	193	290
Parkersburg - Marietta	193	290
Las Cruces	192	292
Birmingham	189	293
Hagerstown	189	293
Alexandria, La	184	295
Lake Charles	184	295
Johnstown	181	297
Laredo	181	297
Visalia - Tulare - Porterville	180	299
Biloxi - Gulfport	179	300
Lawton	179	300
Anderson, Ind	176	302
Tuscaloosa	174	303
Montgomery	172	304
Beaver County, Pa	167	305
Lorain - Elyria	167	305
Brownsville - Harlingen	164	307
Huntington - Ashland	158	308
Steubenville - Weirton	157	309
Decatur, Ala	151	310
Brazoria	150	311
Anniston	145	312
Pine Bluff	145	312
Wheeling	145	312
Gadsden	143	315
Johnson City - Kingsport - Bristol	134	316
Florence, Ala	129	317
McAllen - Edinburg - Mission	128	318
Provo - Orem	120	319
Pascagoula	106	320
Total Above Areas	**348**	
United States Total	**313**	

23RD ANNUAL RGI
ADI RANKING
TOTAL POPULATION
1989

ADI	Population (000)	Rank
New York	18,725.0	1
Los Angeles	13,199.8	2
Chicago	8,558.9	3
Philadelphia	7,307.3	4
San Francisco - Oakland - San Jose	5,725.8	5
Boston	5,611.7	6
Detroit	4,661.7	7
Dallas - Ft. Worth	4,528.8	8
Washington, D.C.	4,524.9	9
Houston	3,975.4	10
Cleveland	3,814.4	11
Atlanta	3,748.4	12
Minneapolis - St. Paul	3,610.7	13
Seattle - Tacoma	3,333.0	14
Miami - Ft. Lauderdale	3,219.5	15
Tampa - St. Petersburg (Sarasota)	3,160.8	16
Pittsburgh	3,016.3	17
St. Louis	3,013.2	18
Sacramento - Stockton	2,961.2	19
Denver	2,645.4	20
Phoenix	2,585.4	21
Baltimore	2,558.9	22
San Diego	2,486.5	23
Hartford - New Haven	2,456.9	24
Indianapolis	2,349.8	25
Orlando - Daytona Beach - Melbourne	2,221.1	26
Portland, Ore.	2,135.6	27
Milwaukee	2,025.8	28
Cincinnati	2,001.7	29
Kansas City	2,000.6	30
Charlotte	1,942.1	31
Salt Lake City	1,878.4	32
Nashville	1,869.4	33
Raleigh - Durham	1,819.8	34
Columbus, Ohio	1,796.0	35
New Orleans	1,755.5	36
San Antonio	1,699.0	37
Greenville - Spartanburg - Asheville	1,682.4	38
Memphis	1,680.9	39
Buffalo	1,680.8	40
Grand Rapids - Kalamazoo - Battle Creek	1,661.7	41
Norfolk - Portsmouth - Newport News - Hampton	1,638.7	42
Oklahoma City	1,534.1	43
Providence - New Bedford	1,514.5	44
Harrisburg - York - Lancaster - Lebanon	1,492.4	45
Albuquerque	1,451.5	46
Louisville	1,442.2	47
Charleston - Huntington	1,387.6	48
Birmingham	1,353.7	49
Greensboro - Winston-Salem - High Point	1,334.8	50
Dayton	1,324.3	51
Fresno - Visalia	1,312.3	52
Albany - Schenectady - Troy	1,310.1	53
Wilkes-Barre - Scranton	1,301.2	54
Flint - Saginaw - Bay City	1,263.8	55
Little Rock	1,251.8	56
Jacksonville	1,250.3	57
West Palm Beach - Ft. Pierce - Vero Beach	1,232.0	58
Tulsa	1,205.8	59
Richmond	1,134.0	60
Mobile - Pensacola	1,131.0	61
Wichita - Hutchinson	1,117.3	62
Toledo	1,112.0	63
Shreveport - Texarkana	1,058.9	64
Palm Springs	1,054.0	65
Roanoke - Lynchburg	1,048.3	66
Knoxville	1,048.2	67
Green Bay - Appleton	1,030.7	68
Des Moines	973.2	69
Lexington	966.7	70
Omaha	961.3	71
Portland - Poland Spring	959.0	72
Syracuse	954.6	73
Rochester, N.Y.	953.1	74
Austin, Tex.	914.8	75
Springfield - Decatur - Champaign	896.9	76
South Bend - Elkhart	872.0	77
Paducah - Cape Girardeau - Harrisburg - Marion	869.7	78
Spokane	857.5	79
Bristol - Kingsport - Johnson City	842.1	80
Columbia, S.C.	828.8	81
Davenport - Rock Island - Moline	828.1	82
Jackson, Miss.	824.6	83
Chattanooga	824.4	84
Cedar Rapids - Waterloo - Dubuque	822.6	85
Springfield, Mo.	818.7	86
Tucson	798.4	87
Huntsville - Decatur - Florence	788.1	88
Johnstown - Altoona	788.1	88
El Paso	747.5	90
Baton Rouge	747.2	91
Youngstown	742.3	92
Madison	710.0	93
McAllen - Brownsville	708.9	94
Evansville	703.1	95
Greenville - New Bern - Washington	698.6	96
Waco - Temple - Bryan	686.9	97
Las Vegas	681.6	98
Springfield, Mass.	665.3	99
Savannah	658.5	100
Burlington - Plattsburgh	653.6	101
Ft. Wayne	642.7	102
Charleston, S.C.	640.6	103
Lansing	630.0	104
Salinas - Monterey	629.7	105
Colorado Springs - Pueblo	627.5	106
Lincoln - Hastings - Kearney	625.2	107
Montgomery - Selma	623.5	108
Sioux Falls - Mitchell	612.8	109
Peoria - Bloomington	599.3	110
Fargo	596.6	111
Ft. Myers - Naples	596.6	111
Augusta	592.7	113
Santa Barbara - Santa Maria - San Luis Obispo	562.1	114
Lafayette, La.	561.8	115
Tallahassee - Thomasville	539.0	116
Bakersfield	534.9	117
Ft. Smith	525.7	118
Corpus Christi	523.4	119
Tyler - Longview - Jacksonville	517.8	120
Columbus, Ga.	515.3	121
Monroe - El Dorado	513.0	122
Macon	502.7	123
Eugene	496.4	124
Yakima	477.5	125
Amarillo	476.4	126
Columbus - Tupelo	458.3	127
La Crosse - Eau Claire	456.7	128
Wausau - Rhinelander	448.8	129
Traverse City - Cadillac	444.9	130
Beaumont - Port Arthur	444.3	131
Wichita Falls - Lawton	442.2	132
Duluth - Superior	435.2	133
Binghamton	433.8	134
Boise	428.[illegible]	135
Florence, S.C.	428.5	136
Terre Haute	426.2	137
Topeka	423.7	138
Reno	421.9	139
Erie	419.0	140
Rockford	417.1	141
Chico - Redding	412.9	142
Sioux City	412.8	143
Wheeling - Steubenville	402.3	144
Albany, Ga.	401.2	145
Minot - Bismarck - Dickinson - Glendive	398.5	146
Wilmington	396.0	147
Bluefield - Beckley - Oak Hill	395.4	148
Lubbock	392.9	149
Odessa - Midland	391.6	150
Utica	379.2	151
Rochester - Mason City - Austin	370.9	152
Joplin - Pittsburg	368.0	153
Medford	361.0	154
Columbia - Jefferson City	353.5	155
Clarksburg - Weston	329.9	156
Bangor	323.3	157
Biloxi - Gulfport - Pascagoula	321.2	158
Dothan	317.7	159
Idaho Falls - Pocatello	317.6	160
Quincy - Hannibal	306.6	161
Abilene - Sweetwater	302.3	162
Alexandria, La.	259.1	163
Salisbury	252.8	164
Greenwood - Greenville	251.3	165
Laurel - Hattiesburg	249.7	166
Rapid City	249.7	166
Watertown - Carthage	244.0	168
Elmira	235.7	169
Gainesville	231.3	170
Billings - Hardin	219.7	171
Lake Charles	215.2	172
El Centro - Yuma	212.5	173
Harrisonburg	209.2	174
Jonesboro	207.2	175
Ardmore - Ada	195.0	176
Missoula	195.0	176
Panama City	188.5	178
Meridian	182.4	179
Grand Junction - Durango	176.4	180
Great Falls	172.1	181
Tuscaloosa	158.8	182
Marquette	155.2	183
Jackson, Tenn.	154.4	184
Eureka	139.9	185
San Angelo	136.7	186
Laredo	135.3	187
Bowling Green	129.1	188
Butte	126.7	189
Lafayette, Ind.	125.8	190
Anniston	125.3	191
St. Joseph	125.1	192
Casper - Riverton	118.8	193
Hagerstown	118.5	194
Lima	114.6	195
Cheyenne - Scottsbluff	111.8	196
Charlottesville	106.3	197
Zanesville	99.9	198
Parkersburg	9[illegible].4	199
Flagstaff	97.5	200
Twin Falls	85.4	201
Presque Isle	85.3	202
Victoria	75.9	203
Ottumwa - Kirksville	74.7	204
Bend	72.3	205
Mankato	63.7	206
Helena	48.0	207
North Platte	47.8	208
Alpena	42.3	209
Total U.S. ADIs	248,181.0	

23RD ANNUAL RGI

ADI RANKING

PER CAPITA EFFECTIVE BUYING INCOME 1989

ADI	Per Capita EBI	Rank
Washington, D.C.	18,236	1
San Francisco - Oakland - San Jose	18,192	2
Boston	17,076	3
New York	17,049	4
Hartford - New Haven	16,489	5
West Palm Beach - Ft. Pierce - Vero Beach	15,911	6
San Diego	15,391	7
Los Angeles	15,384	8
Seattle - Tacoma	14,900	9
Philadelphia	14,827	10
Chicago	14,590	11
Reno	14,479	12
Rochester, N.Y.	14,435	13
Santa Barbara - Santa Maria - San Luis Obispo	14,414	14
Miami - Ft. Lauderdale	14,403	15
Milwaukee	14,349	16
Baltimore	14,340	17
Charlottesville	14,221	18
Salinas - Monterey	14,162	19
Detroit	13,967	20
Ft. Myers - Naples	13,815	21
Peoria - Bloomington	13,775	22
Minneapolis - St. Paul	13,674	23
Providence - New Bedford	13,565	24
Denver	13,559	25
Springfield, Mass.	13,555	26
Atlanta	13,549	27
Dallas - Ft. Worth	13,510	28
Kansas City	13,500	29
Las Vegas	13,475	30
Albany - Schenectady - Troy	13,466	31
Harrisburg - York - Lancaster - Lebanon	13,370	32
Richmond	13,359	33
St. Louis	13,299	34
Portland - Poland Spring	13,290	35
Rockford	13,280	36
Sacramento - Stockton	13,214	37
Madison	13,172	38
Palm Springs	13,167	39
Houston	13,071	40
Tampa - St. Petersburg (Sarasota)	13,066	41
Cleveland	12,814	42
Orlando - Daytona Beach - Melbourne	12,696	43
Syracuse	12,675	44
Portland, Ore.	12,673	45
Phoenix	12,617	46
Cincinnati	12,608	47
Wichita - Hutchinson	12,598	48
Grand Rapids - Kalamazoo - Battle Creek	12,572	49
Dayton	12,551	50
Omaha	12,527	51
Greensboro - Winston-Salem - High Point	12,486	52
Austin, Tex.	12,471	53
Bakersfield	12,445	54
Lansing	12,443	55
Binghamton	12,395	56
Springfield - Decatur - Champaign	12,362	57
Pittsburgh	12,336	58
Davenport - Rock Island - Moline	12,310	59
Toledo	12,233	60
Norfolk - Portsmouth - Newport News - Hampton	12,167	61
Indianapolis	12,072	62
Jacksonville	12,027	63
Columbus, Ohio	12,024	64
Buffalo	11,971	65
Erie	11,949	66
Lafayette, Ind.	11,929	67
Topeka	11,919	68
Charlotte	11,872	69
Des Moines	11,812	70
Beaumont - Port Arthur	11,751	71
Hagerstown	11,724	72
Nashville	11,713	73
Eureka	11,711	74
Yakima	11,690	75
Rochester - Mason City - Austin	11,680	76
Youngstown	11,612	77
Burlington - Plattsburgh	11,593	78
Raleigh - Durham	11,589	79
Odessa - Midland	11,582	80
Cedar Rapids - Waterloo - Dubuque	11,559	81
Ft. Wayne	11,530	82
Green Bay - Appleton	11,523	83
Lincoln - Hastings - Kearney	11,478	84
South Bend - Elkhart	11,469	85
St. Joseph	11,419	86
Helena	11,413	87
Roanoke - Lynchburg	11,394	88
Columbia - Jefferson City	11,318	89
Lima	11,318	89
Flint - Saginaw - Bay City	11,311	91
Salisbury	11,270	92
Utica	11,213	93
Amarillo	11,189	94
Louisville	11,181	95
Evansville	11,172	96
Gainesville	11,165	97
Fresno - Visalia	11,149	98
Spokane	11,101	99
Huntsville - Decatur - Florence	11,065	100
North Platte	11,023	101
Mobile - Pensacola	11,003	102
Wilkes-Barre - Scranton	10,998	103
Boise	10,990	104
Wausau - Rhinelander	10,979	105
Macon	10,969	106
Bangor	10,953	107
Chico - Redding	10,913	108
San Angelo	10,913	108
Duluth - Superior	10,882	110
La Crosse - Eau Claire	10,866	111
Victoria	10,796	112
Harrisonburg	10,794	113
Tyler - Longview - Jacksonville	10,784	114
Columbia, S.C.	10,777	115
Tucson	10,776	116
Eugene	10,749	117
Colorado Springs - Pueblo	10,733	118
Terre Haute	10,695	119
Grand Junction - Durango	10,669	120
Elmira	10,660	121
Alpena	10,639	122
Greenville - Spartanburg - Asheville	10,609	123
New Orleans	10,599	124
Biloxi - Gulfport - Pascagoula	10,554	125
Knoxville	10,525	126
Chattanooga	10,512	127
Mankato	10,508	128
Casper - Riverton	10,428	129
Savannah	10,426	130
Oklahoma City	10,389	131
Parkersburg	10,373	132
Birmingham	10,371	133
Billings - Hardin	10,361	134
Augusta	10,334	135
Rapid City	10,303	136
Presque Isle	10,301	137
Missoula	10,300	138
Great Falls	10,286	139
Bend	10,274	140
Butte	10,258	141
Little Rock	10,247	142
Baton Rouge	10,227	143
Tallahassee - Thomasville	10,226	144
Waco - Temple - Bryan	10,184	145
Wheeling - Steubenville	10,183	146
Bristol - Kingsport - Johnson City	10,179	147
Quincy - Hannibal	10,166	148
Jackson, Tenn.	10,142	149
Fargo	10,141	150
Tulsa	10,136	151
Lake Charles	10,133	152
Johnstown - Altoona	10,125	153
Minot - Bismarck - Dickinson - Glendive	10,123	154
Twin Falls	10,098	155
San Antonio	10,097	156
Memphis	10,078	157
Cheyenne - Scottsbluff	10,057	158
Sioux Falls - Mitchell	9,969	159
Columbus, Ga.	9,941	160
Lexington	9,939	161
Abilene - Sweetwater	9,937	162
Ft. Smith	9,937	162
Medford	9,899	164
Albuquerque	9,875	165
Sioux City	9,848	166
Paducah - Cape Girardeau - Harrisburg - Marion	9,792	167
Idaho Falls - Pocatello	9,771	168
Joplin - Pittsburg	9,708	169
Springfield, Mo.	9,695	170
Watertown - Carthage	9,686	171
Salt Lake City	9,669	172
Charleston, S.C.	9,658	173
Marquette	9,630	174
Jackson, Miss.	9,610	175
Lubbock	9,600	176
Shreveport - Texarkana	9,590	177
Zanesville	9,590	177
Traverse City - Cadillac	9,580	179
Wichita Falls - Lawton	9,555	180
Corpus Christi	9,413	181
Anniston	9,411	182
Wilmington	9,343	183
Ottumwa - Kirksville	9,327	184
Greenville - New Bern - Washington	9,326	185
Tuscaloosa	9,275	186
Charleston - Huntington	9,259	187
Flagstaff	9,221	188
Panama City	9,221	188
Lafayette, La.	9,192	190
Florence, S.C.	9,157	191
Montgomery - Selma	9,148	192
Dothan	9,126	193
Albany, Ga.	9,087	194
Meridian	9,016	195
Laurel - Hattiesburg	8,906	196
Jonesboro	8,786	197
El Centro - Yuma	8,738	198
Bowling Green	8,727	199
Clarksburg - Weston	8,473	200
El Paso	8,436	201
Bluefield - Beckley - Oak Hill	8,419	202
Columbus - Tupelo	8,355	203
Monroe - El Dorado	8,118	204
Alexandria, La.	8,058	205
Ardmore - Ada	7,463	206
Greenwood - Greenville	7,053	207
McAllen - Brownsville	6,256	208
Laredo	6,080	209
Total U.S. ADIs	13,151	

23RD ANNUAL RGI

ADI RANKING

EATING PLACE SALES

1989

ADI	Sales($000)	Rank
New York	12,798,798	1
Los Angeles	11,203,415	2
Chicago	5,748,789	3
Boston	5,309,318	4
San Francisco - Oakland - San Jose	5,193,767	5
Philadelphia	4,668,660	6
Washington, D.C.	3,917,764	7
Dallas - Ft. Worth	3,593,381	8
Detroit	3,138,280	9
Atlanta	2,935,234	10
Seattle - Tacoma	2,701,295	11
Minneapolis - St. Paul	2,401,452	12
Houston	2,376,625	13
Miami - Ft. Lauderdale	2,352,604	14
Tampa - St. Petersburg (Sarasota)	2,200,114	15
Cleveland	2,088,496	16
San Diego	2,057,474	17
Sacramento - Stockton	1,927,010	18
Denver	1,912,371	19
Orlando - Daytona Beach - Melbourne	1,874,074	20
St. Louis	1,866,942	21
Hartford - New Haven	1,844,835	22
Baltimore	1,725,065	23
Phoenix	1,670,120	24
Pittsburgh	1,580,462	25
Indianapolis	1,576,087	26
Portland, Ore.	1,529,551	27
Cincinnati	1,314,440	28
Kansas City	1,278,537	29
Milwaukee	1,231,282	30
Charlotte	1,197,852	31
New Orleans	1,196,609	32
Raleigh - Durham	1,196,309	33
Providence - New Bedford	1,156,018	34
Norfolk - Portsmouth - Newport News - Hampton	1,118,150	35
San Antonio	1,108,875	36
Nashville	1,087,166	37
Columbus, Ohio	1,074,927	38
West Palm Beach - Ft. Pierce - Vero Beach	1,003,858	39
Oklahoma City	973,819	40
Buffalo	968,473	41
Harrisburg - York - Lancaster - Lebanon	926,712	42
Greenville - Spartanburg - Asheville	920,129	43
Albany - Schenectady - Troy	907,242	44
Salt Lake City	892,150	45
Louisville	873,092	46
Greensboro - Winston-Salem - High Point	846,249	47
Albuquerque	835,787	48
Grand Rapids - Kalamazoo - Battle Creek	835,253	49
Jacksonville	824,618	50
Portland - Poland Spring	797,196	51
Dayton	746,040	52
Austin, Tex.	741,933	53
Palm Springs	718,908	54
Tulsa	710,131	55
Memphis	708,391	56
Birmingham	678,926	57
Richmond	674,085	58
Wichita - Hutchinson	667,041	59
Rochester, N.Y.	654,739	60
Wilkes-Barre - Scranton	636,007	61
Fresno - Visalia	630,545	62
Mobile - Pensacola	627,330	63
Flint - Saginaw - Bay City	621,078	64
Toledo	607,432	65
Syracuse	604,612	66
Little Rock	602,045	67
Charleston - Huntington	600,368	68
Knoxville	600,031	69
Omaha	562,371	70
Lexington	561,537	71
Green Bay - Appleton	556,708	72
Roanoke - Lynchburg	541,669	73
Springfield - Decatur - Champaign	537,707	74
Santa Barbara - Santa Maria - San Luis Obispo	514,871	75
Des Moines	503,153	76
Salinas - Monterey	494,300	77
Las Vegas	490,544	78
Springfield, Mass.	479,740	79
South Bend - Elkhart	474,574	80
Ft. Myers - Naples	470,338	81
Spokane	469,427	82
Columbia, S.C.	456,446	83
Madison	449,599	84
Burlington - Plattsburgh	447,666	85
Huntsville - Decatur - Florence	433,022	86
Shreveport - Texarkana	430,134	87
Springfield, Mo.	415,438	88
Cedar Rapids - Waterloo - Dubuque	406,311	89
Charleston, S.C.	405,254	90
Tucson	404,102	91
Chattanooga	400,238	92
Davenport - Rock Island - Moline	390,989	93
Ft. Wayne	386,083	94
Savannah	373,441	95
Johnstown - Altoona	367,743	96
Waco - Temple - Bryan	363,623	97
Paducah - Cape Girardeau - Harrisburg - Marion	357,513	98
El Paso	355,555	99
Colorado Springs - Pueblo	355,220	100
Lansing	353,483	101
Baton Rouge	348,767	102
Jackson, Miss.	347,912	103
Youngstown	344,444	104
Greenville - New Bern - Washington	336,667	105
Florence, S.C.	335,473	106
Evansville	328,666	107
Eugene	328,064	108
Peoria - Bloomington	321,195	109
Bristol - Kingsport - Johnson City	309,294	110
Lincoln - Hastings - Kearney	306,679	111
Fargo	284,348	112
Corpus Christi	277,395	113
Tyler - Longview - Jacksonville	274,590	114
Augusta	271,700	115
Bakersfield	270,748	116
Traverse City - Cadillac	269,614	117
Montgomery - Selma	269,207	118
Salisbury	267,090	119
Amarillo	264,806	120
Sioux Falls - Mitchell	264,062	121
Reno	263,207	122
Tallahassee - Thomasville	262,308	123
Yakima	256,886	124
Ft. Smith	256,486	125
McAllen - Brownsville	246,523	126
Macon	241,787	127
La Crosse - Eau Claire	241,051	128
Wichita Falls - Lawton	236,351	129
Lubbock	229,783	130
Erie	229,274	131
Chico - Redding	229,235	132
Utica	228,957	133
Boise	228,277	134
Columbus, Ga.	227,655	135
Rockford	226,819	136
Lafayette, La.	225,734	137
Topeka	225,171	138
Binghamton	216,015	139
Wilmington	215,484	140
Beaumont - Port Arthur	215,300	141
Wausau - Rhinelander	210,292	142
Medford	205,508	143
Duluth - Superior	198,011	144
Monroe - El Dorado	195,129	145
Odessa - Midland	184,803	146
Bangor	183,223	147
Rochester - Mason City - Austin	182,580	148
Terre Haute	179,438	149
Joplin - Pittsburg	177,722	150
Columbia - Jefferson City	174,053	151
Biloxi - Gulfport - Pascagoula	164,855	152
Sioux City	164,364	153
Wheeling - Steubenville	160,785	154
Minot - Bismarck - Dickinson - Glendive	157,586	155
Albany, Ga.	151,156	156
Gainesville	147,607	157
Dothan	142,339	158
Abilene - Sweetwater	141,390	159
Idaho Falls - Pocatello	138,119	160
Columbus - Tupelo	134,960	161
Panama City	134,743	162
Watertown - Carthage	132,042	163
Clarksburg - Weston	129,439	164
Bluefield - Beckley - Oak Hill	127,022	165
Grand Junction - Durango	124,736	166
Rapid City	124,479	167
Billings - Hardin	123,906	168
Elmira	116,568	169
Missoula	112,454	170
Quincy - Hannibal	104,055	171
Harrisonburg	101,778	172
Alexandria, La.	98,969	173
Lake Charles	98,917	174
Laurel - Hattiesburg	90,480	175
Charlottesville	90,066	176
Tuscaloosa	88,333	177
Lafayette, Ind.	88,196	178
El Centro - Yuma	81,033	179
Jonesboro	80,232	180
Greenwood - Greenville	80,144	181
Cheyenne - Scottsbluff	77,241	182
Lima	76,104	183
Ardmore - Ada	74,766	184
Flagstaff	74,375	185
Great Falls	71,762	186
Eureka	69,444	187
Bowling Green	67,760	188
Parkersburg	67,427	189
Butte	67,391	190
Marquette	65,733	191
San Angelo	63,780	192
Meridian	62,006	193
Anniston	61,274	194
Laredo	60,482	195
St. Joseph	58,805	196
Bend	58,501	197
Jackson, Tenn.	56,939	198
Casper - Riverton	55,856	199
Hagerstown	50,234	200
Zanesville	46,954	201
Victoria	42,105	202
Mankato	38,774	203
Twin Falls	31,619	204
Presque Isle	31,285	205
Helena	28,564	206
Ottumwa - Kirksville	26,888	207
North Platte	25,989	208
Alpena	20,213	209
Total U.S. ADIs	160,571,974	

23RD ANNUAL RGI

ADI RANKING

EATING PLACE UNITS

1989

ADI	Units	Rank
New York	24,194	1
Los Angeles	17,209	2
Chicago	10,777	3
San Francisco - Oakland - San Jose	9,403	4
Philadelphia	9,068	5
Boston	8,561	6
Dallas - Ft. Worth	6,186	7
Washington, D.C.	5,882	8
Detroit	5,553	9
Atlanta	5,133	10
Cleveland	4,936	11
Seattle - Tacoma	4,903	12
Miami - Ft. Lauderdale	4,718	13
Houston	4,700	14
Minneapolis - St. Paul	4,569	15
Denver	4,325	16
Tampa - St. Petersburg (Sarasota)	4,044	17
Sacramento - Stockton	3,997	18
St. Louis	3,798	19
Pittsburgh	3,701	20
Hartford - New Haven	3,560	21
Phoenix	3,381	22
Portland, Ore.	3,277	23
Indianapolis	3,152	24
San Diego	3,152	24
Baltimore	3,023	26
Orlando - Daytona Beach - Melbourne	2,964	27
Milwaukee	2,656	28
Kansas City	2,561	29
Charlotte	2,534	30
Buffalo	2,502	31
Cincinnati	2,500	32
Oklahoma City	2,423	33
Raleigh - Durham	2,301	34
Providence - New Bedford	2,285	35
Columbus, Ohio	2,279	36
San Antonio	2,210	37
Salt Lake City	2,200	38
Nashville	2,167	39
Greenville - Spartanburg - Asheville	2,160	40
Norfolk - Portsmouth - Newport News - Hampton	2,132	41
Albany - Schenectady - Troy	2,089	42
New Orleans	2,057	43
Albuquerque	2,034	44
Grand Rapids - Kalamazoo - Battle Creek	2,011	45
Wichita - Hutchinson	1,841	46
Harrisburg - York - Lancaster - Lebanon	1,815	47
Greensboro - Winston-Salem - High Point	1,758	48
Memphis	1,750	49
Wilkes-Barre - Scranton	1,723	50
Portland - Poland Spring	1,717	51
West Palm Beach - Ft. Pierce - Vero Beach	1,679	52
Tulsa	1,662	53
Dayton	1,661	54
Jacksonville	1,586	55
Louisville	1,562	56
Toledo	1,555	57
Fresno - Visalia	1,517	58
Austin, Tex.	1,488	59
Little Rock	1,466	60
Flint - Saginaw - Bay City	1,434	61
Charleston - Huntington	1,433	62
Green Bay - Appleton	1,402	63
Richmond	1,401	64
Syracuse	1,388	65
Birmingham	1,369	66
Omaha	1,347	67
Des Moines	1,333	68
Mobile - Pensacola	1,326	69
Roanoke - Lynchburg	1,305	70
Knoxville	1,253	71
Rochester, N.Y.	1,252	72
Spokane	1,228	73
South Bend - Elkhart	1,224	74
Springfield - Decatur - Champaign	1,181	75
Springfield, Mo.	1,171	76
Palm Springs	1,154	77
Davenport - Rock Island - Moline	1,127	78
Cedar Rapids - Waterloo - Dubuque	1,126	79
Lexington	1,112	80
Paducah - Cape Girardeau - Harrisburg - Marion	1,111	81
Madison	1,072	82
Shreveport - Texarkana	1,031	83
Santa Barbara - Santa Maria - San Luis Obispo	1,022	84
Burlington - Plattsburgh	1,007	85
Tucson	1,005	86
Chattanooga	989	87
Youngstown	967	88
Salinas - Monterey	964	89
Lincoln - Hastings - Kearney	941	90
Sioux Falls - Mitchell	936	91
Johnstown - Altoona	920	92
Columbia, S.C.	915	93
Springfield, Mass.	914	94
Colorado Springs - Pueblo	903	95
Huntsville - Decatur - Florence	874	96
Evansville	868	97
Las Vegas	862	98
Ft. Myers - Naples	856	99
Ft. Wayne	848	100
Fargo	829	101
Peoria - Bloomington	823	102
Waco - Temple - Bryan	823	102
Bristol - Kingsport - Johnson City	809	104
Eugene	808	105
Greenville - New Bern - Washington	798	106
Savannah	794	107
Traverse City - Cadillac	792	108
Jackson, Miss.	784	109
Amarillo	751	110
El Paso	745	111
Lansing	727	112
Florence, S.C.	724	113
Charleston, S.C.	700	114
Baton Rouge	699	115
Corpus Christi	696	116
Tyler - Longview - Jacksonville	679	117
Wausau - Rhinelander	670	118
Duluth - Superior	665	119
Reno	651	120
Ft. Smith	647	121
La Crosse - Eau Claire	639	122
Bakersfield	626	123
Yakima	614	124
Sioux City	610	125
McAllen - Brownsville	604	126
Medford	604	126
Boise	600	128
Wichita Falls - Lawton	598	129
Chico - Redding	591	130
Topeka	590	131
Wilmington	574	132
Joplin - Pittsburg	567	133
Tallahassee - Thomasville	566	134
Augusta	563	135
Odessa - Midland	562	136
Lubbock	555	137
Macon	549	138
Utica	545	139
Erie	544	140
Salisbury	541	141
Minot - Bismarck - Dickinson - Glendive	538	142
Bangor	529	143
Lafayette, La.	529	143
Rockford	529	143
Columbus, Ga.	526	146
Montgomery - Selma	526	146
Rochester - Mason City - Austin	518	148
Terre Haute	512	149
Binghamton	511	150
Columbia - Jefferson City	469	151
Beaumont - Port Arthur	465	152
Monroe - El Dorado	459	153
Wheeling - Steubenville	453	154
Idaho Falls - Pocatello	418	155
Columbus - Tupelo	417	156
Albany, Ga.	400	157
Clarksburg - Weston	399	158
Quincy - Hannibal	398	159
Abilene - Sweetwater	396	160
Rapid City	394	161
Billings - Hardin	389	162
Biloxi - Gulfport - Pascagoula	375	163
Missoula	362	164
Watertown - Carthage	355	165
Bluefield - Beckley - Oak Hill	338	166
Gainesville	332	167
Panama City	317	168
Great Falls	304	169
Dothan	302	170
Elmira	299	171
Grand Junction - Durango	291	172
Eureka	275	173
Harrisonburg	268	174
Laurel - Hattiesburg	267	175
Butte	245	176
El Centro - Yuma	242	177
Greenwood - Greenville	240	178
Ardmore - Ada	231	179
Jonesboro	221	180
Alexandria, La.	216	181
Marquette	214	182
Lake Charles	195	183
Casper - Riverton	192	184
San Angelo	180	185
Tuscaloosa	178	186
Meridian	175	187
Jackson, Tenn.	173	188
Charlottesville	169	189
Cheyenne - Scottsbluff	168	190
Lafayette, Ind.	166	191
Lima	164	192
St. Joseph	164	192
Flagstaff	162	194
Hagerstown	146	195
Bend	136	196
Bowling Green	135	197
Zanesville	130	198
Parkersburg	125	199
Laredo	124	200
Anniston	112	201
Twin Falls	112	201
Victoria	111	203
Mankato	97	204
Ottumwa - Kirksville	96	205
Presque Isle	95	206
Helena	87	207
North Platte	81	208
Alpena	62	209
Total U.S. ADIs	325,078	

23RD ANNUAL RGI
ADI RANKING
FAST FOOD SALES
1989

ADI	Sales($000)	Rank
Los Angeles	4,237,349	1
New York	3,261,632	2
Chicago	2,149,177	3
San Francisco - Oakland - San Jose	1,741,564	4
Philadelphia	1,564,766	5
Dallas - Ft. Worth	1,556,025	6
Boston	1,449,625	7
Atlanta	1,423,921	8
Washington, D.C.	1,392,067	9
Detroit	1,289,488	10
Houston	1,007,064	11
Seattle - Tacoma	956,751	12
Cleveland	932,607	13
St. Louis	897,004	14
Minneapolis - St. Paul	878,797	15
Indianapolis	837,293	16
Sacramento - Stockton	832,773	17
Tampa - St. Petersburg (Sarasota)	814,707	18
San Diego	795,942	19
Miami - Ft. Lauderdale	752,738	20
Baltimore	714,807	21
Orlando - Daytona Beach - Melbourne	675,038	22
Phoenix	670,238	23
Denver	667,951	24
Charlotte	631,309	25
Kansas City	619,282	26
Raleigh - Durham	609,693	27
Pittsburgh	606,036	28
Hartford - New Haven	593,185	29
Portland, Ore.	582,682	30
Cincinnati	574,942	31
Nashville	562,027	32
San Antonio	538,972	33
Columbus, Ohio	537,857	34
Norfolk - Portsmouth - Newport News - Hampton	534,727	35
New Orleans	512,131	36
Greenville - Spartanburg - Asheville	489,291	37
Louisville	487,138	38
Milwaukee	467,857	39
Oklahoma City	466,093	40
Salt Lake City	441,366	41
Jacksonville	420,627	42
Greensboro - Winston-Salem - High Point	404,863	43
Providence - New Bedford	402,723	44
Dayton	390,784	45
Birmingham	389,495	46
Albuquerque	374,402	47
Memphis	371,722	48
Buffalo	370,574	49
Tulsa	353,841	50
Charleston - Huntington	351,680	51
Harrisburg - York - Lancaster - Lebanon	348,848	52
Austin, Tex.	336,351	53
Wichita - Hutchinson	335,906	54
Grand Rapids - Kalamazoo - Battle Creek	335,384	55
Mobile - Pensacola	321,518	56
Palm Springs	320,679	57
Little Rock	320,641	58
Lexington	317,435	59
Richmond	317,075	60
West Palm Beach - Ft. Pierce - Vero Beach	308,129	61
Knoxville	299,833	62
Albany - Schenectady - Troy	286,915	63
Huntsville - Decatur - Florence	279,461	64
Portland - Poland Spring	276,437	65
Fresno - Visalia	273,468	66
Toledo	271,884	67
Flint - Saginaw - Bay City	266,361	68
Roanoke - Lynchburg	258,527	69
Wilkes-Barre - Scranton	257,719	70
Rochester, N.Y.	251,647	71
Omaha	249,434	72
Springfield - Decatur - Champaign	243,025	73
Chattanooga	236,343	74
South Bend - Elkhart	234,671	75
Shreveport - Texarkana	230,435	76
Columbia, S.C.	216,799	77
Springfield, Mo.	216,080	78
Des Moines	214,093	79
Syracuse	212,903	80
Paducah - Cape Girardeau - Harrisburg - Marion	208,379	81
Green Bay - Appleton	206,774	82
Las Vegas	203,696	83
Spokane	198,450	84
Savannah	197,167	85
Jackson, Miss.	191,485	86
Bristol - Kingsport - Johnson City	187,823	87
Greenville - New Bern - Washington	185,367	88
Davenport - Rock Island - Moline	184,967	89
Evansville	180,582	90
Ft. Wayne	179,775	91
Santa Barbara - Santa Maria - San Luis Obispo	179,395	92
Baton Rouge	178,065	93
Cedar Rapids - Waterloo - Dubuque	177,586	94
Salinas - Monterey	173,928	95
Tucson	172,525	96
Montgomery - Selma	171,926	97
Waco - Temple - Bryan	171,695	98
Charleston, S.C.	170,270	99
Madison	165,830	100
El Paso	165,357	101
Florence, S.C.	164,205	102
Springfield, Mass.	158,183	103
Lansing	155,733	104
Youngstown	154,998	105
Ft. Myers - Naples	154,197	106
Corpus Christi	149,802	107
Peoria - Bloomington	147,528	108
Colorado Springs - Pueblo	147,206	109
Augusta	143,169	110
Lincoln - Hastings - Kearney	141,526	111
Ft. Smith	140,796	112
Bakersfield	140,286	113
Johnstown - Altoona	140,273	114
Tyler - Longview - Jacksonville	138,993	115
Amarillo	132,918	116
Fargo	131,732	117
Burlington - Plattsburgh	131,650	118
Eugene	131,639	119
Columbus, Ga.	130,841	120
Macon	130,709	121
Tallahassee - Thomasville	119,526	122
Wichita Falls - Lawton	119,188	123
Lafayette, La.	119,090	124
Topeka	117,747	125
Wilmington	116,136	126
McAllen - Brownsville	114,835	127
Lubbock	112,466	128
Beaumont - Port Arthur	110,314	129
Reno	108,998	130
Salisbury	108,947	131
Traverse City - Cadillac	108,613	132
Monroe - El Dorado	105,412	133
Boise	101,705	134
Sioux Falls - Mitchell	100,319	135
Rockford	98,517	136
Biloxi - Gulfport - Pascagoula	97,408	137
Terre Haute	96,272	138
Yakima	96,226	139
Odessa - Midland	92,330	140
Columbia - Jefferson City	90,147	141
Joplin - Pittsburg	89,711	142
La Crosse - Eau Claire	88,605	143
Wheeling - Steubenville	88,290	144
Columbus - Tupelo	87,895	145
Albany, Ga.	87,193	146
Chico - Redding	87,104	147
Erie	86,861	148
Dothan	84,541	149
Medford	81,899	150
Clarksburg - Weston	80,167	151
Bluefield - Beckley - Oak Hill	77,217	152
Minot - Bismarck - Dickinson - Glendive	74,583	153
Abilene - Sweetwater	73,402	154
Sioux City	73,308	155
Wausau - Rhinelander	72,878	156
Duluth - Superior	72,421	157
Rochester - Mason City - Austin	71,983	158
Utica	68,838	159
Binghamton	66,757	160
Bangor	66,055	161
Idaho Falls - Pocatello	61,440	162
Laurel - Hattiesburg	58,450	163
Quincy - Hannibal	55,386	164
Gainesville	55,120	165
Harrisonburg	54,978	166
Tuscaloosa	53,778	167
Greenwood - Greenville	51,662	168
Watertown - Carthage	51,244	169
Alexandria, La.	51,165	170
Panama City	50,725	171
Rapid City	49,297	172
Lake Charles	48,626	173
Billings - Hardin	48,411	174
Jonesboro	48,107	175
Lafayette, Ind.	45,857	176
Bowling Green	44,109	177
Parkersburg	42,762	178
Missoula	42,634	179
Grand Junction - Durango	42,626	180
Ardmore - Ada	41,893	181
Meridian	40,507	182
Elmira	40,005	183
Charlottesville	39,292	184
Anniston	37,165	185
Lima	36,089	186
Cheyenne - Scottsbluff	32,642	187
Jackson, Tenn.	31,521	188
El Centro - Yuma	31,455	189
San Angelo	31,161	190
Flagstaff	29,498	191
St. Joseph	28,846	192
Laredo	28,164	193
Great Falls	27,960	194
Marquette	26,400	195
Eureka	26,206	196
Butte	25,574	197
Zanesville	24,091	198
Bend	23,934	199
Casper - Riverton	22,583	200
Hagerstown	21,105	201
Victoria	19,420	202
Mankato	14,518	203
Twin Falls	14,422	204
Ottumwa - Kirksville	13,801	205
North Platte	11,981	206
Presque Isle	11,248	207
Helena	10,801	208
Alpena	8,146	209
Total U.S. ADIs	64,760,761	

23RD ANNUAL RGI
ADI RANKING
RESTAURANT SALES
1989

ADI	Sales($000)	Rank
New York	7,080,200	1
Los Angeles	5,810,051	2
Boston	3,161,722	3
Chicago	2,886,222	4
San Francisco - Oakland - San Jose	2,876,146	5
Philadelphia	2,448,254	6
Washington, D.C.	1,930,543	7
Seattle - Tacoma	1,524,238	8
Detroit	1,473,053	9
Dallas - Ft. Worth	1,439,908	10
Miami - Ft. Lauderdale	1,329,223	11
Minneapolis - St. Paul	1,272,810	12
Tampa - St. Petersburg (Sarasota)	1,176,754	13
Atlanta	1,151,822	14
San Diego	1,092,607	15
Orlando - Daytona Beach - Melbourne	1,026,512	16
Hartford - New Haven	1,013,707	17
Houston	1,012,629	18
Denver	1,005,463	19
Sacramento - Stockton	974,934	20
Cleveland	966,615	21
Portland, Ore.	814,249	22
Phoenix	807,479	23
Pittsburgh	783,084	24
Baltimore	733,090	25
St. Louis	694,752	26
Milwaukee	650,981	27
Providence - New Bedford	641,432	28
West Palm Beach - Ft. Pierce - Vero Beach	624,415	29
Cincinnati	595,431	30
Indianapolis	558,777	31
Kansas City	518,183	32
Albany - Schenectady - Troy	510,509	33
Harrisburg - York - Lancaster - Lebanon	501,391	34
New Orleans	494,910	35
Norfolk - Portsmouth - Newport News - Hampton	476,572	36
Buffalo	476,145	37
Portland - Poland Spring	463,637	38
Raleigh - Durham	461,552	39
Charlotte	441,972	40
Columbus, Ohio	441,283	41
Nashville	438,740	42
Grand Rapids - Kalamazoo - Battle Creek	434,427	43
San Antonio	427,662	44
Albuquerque	382,250	45
Palm Springs	369,131	46
Salt Lake City	367,574	47
Oklahoma City	353,052	48
Greenville - Spartanburg - Asheville	344,518	49
Jacksonville	339,203	50
Rochester, N.Y.	320,551	51
Flint - Saginaw - Bay City	316,478	52
Greensboro - Winston-Salem - High Point	316,415	53
Wilkes-Barre - Scranton	314,232	54
Santa Barbara - Santa Maria - San Luis Obispo	313,468	55
Fresno - Visalia	313,436	56
Green Bay - Appleton	312,517	57
Austin, Tex.	311,437	58
Louisville	310,968	59
Syracuse	303,016	60
Salinas - Monterey	294,325	61
Dayton	288,669	62
Springfield, Mass.	282,252	63
Toledo	280,503	64
Ft. Myers - Naples	279,408	65
Burlington - Plattsburgh	274,713	66
Richmond	273,156	67
Omaha	262,689	68
Knoxville	258,142	69
Madison	257,380	70
Wichita - Hutchinson	254,635	71
Mobile - Pensacola	253,793	72
Memphis	251,425	73
Tulsa	246,306	74
Spokane	240,145	75
Des Moines	240,090	76
Springfield - Decatur - Champaign	239,832	77
Roanoke - Lynchburg	225,436	78
Little Rock	214,266	79
Birmingham	213,792	80
Las Vegas	213,716	81
Charleston - Huntington	200,341	82
South Bend - Elkhart	198,081	83
Cedar Rapids - Waterloo - Dubuque	195,969	84
Tucson	195,338	85
Lexington	191,445	86
Charleston, S.C.	190,565	87
Johnstown - Altoona	184,541	88
Ft. Wayne	182,761	89
Davenport - Rock Island - Moline	175,201	90
Lansing	175,168	91
Eugene	173,507	92
Columbia, S.C.	171,292	93
Colorado Springs - Pueblo	170,158	94
Springfield, Mo.	163,341	95
Shreveport - Texarkana	155,006	96
Youngstown	153,583	97
Sioux Falls - Mitchell	149,099	98
Traverse City - Cadillac	146,751	99
Yakima	144,227	100
El Paso	144,186	101
Lincoln - Hastings - Kearney	143,587	102
Fargo	143,225	103
Savannah	141,163	104
Florence, S.C.	141,129	105
Waco - Temple - Bryan	140,771	106
Salisbury	139,899	107
La Crosse - Eau Claire	136,825	108
Chattanooga	136,513	109
Peoria - Bloomington	135,660	110
Paducah - Cape Girardeau - Harrisburg - Marion	127,545	111
Wausau - Rhinelander	127,212	112
Reno	124,427	113
Utica	123,309	114
Chico - Redding	123,244	115
Greenville - New Bern - Washington	123,092	116
Tallahassee - Thomasville	122,978	117
Baton Rouge	122,087	118
Evansville	120,703	119
Huntsville - Decatur - Florence	119,101	120
Bakersfield	118,478	121
Jackson, Miss.	116,407	122
Erie	115,321	123
Binghamton	115,273	124
Boise	110,679	125
Medford	110,456	126
Duluth - Superior	110,429	127
Bangor	104,822	128
Rockford	103,530	129
Tyler - Longview - Jacksonville	102,193	130
Amarillo	100,461	131
Corpus Christi	97,868	132
Rochester - Mason City - Austin	97,468	133
McAllen - Brownsville	96,099	134
Bristol - Kingsport - Johnson City	93,844	135
Augusta	93,223	136
Lubbock	87,264	137
Macon	86,629	138
Wichita Falls - Lawton	85,405	139
Ft. Smith	85,068	140
Topeka	83,483	141
Sioux City	79,810	142
Gainesville	79,342	143
Wilmington	79,057	144
Minot - Bismarck - Dickinson - Glendive	77,701	145
Beaumont - Port Arthur	77,069	146
Lafayette, La.	75,624	147
Montgomery - Selma	75,027	148
Columbus, Ga.	75,020	149
Panama City	72,355	150
Grand Junction - Durango	71,042	151
Odessa - Midland	69,389	152
Columbia - Jefferson City	69,222	153
Idaho Falls - Pocatello	69,175	154
Terre Haute	68,963	155
Rapid City	68,689	156
Watertown - Carthage	68,478	157
Joplin - Pittsburg	68,002	158
Billings - Hardin	67,648	159
Monroe - El Dorado	65,006	160
Missoula	62,707	161
Elmira	61,099	162
Wheeling - Steubenville	58,794	163
Abilene - Sweetwater	51,826	164
Albany, Ga.	51,526	165
Biloxi - Gulfport - Pascagoula	49,176	166
Dothan	46,472	167
El Centro - Yuma	45,580	168
Quincy - Hannibal	42,257	169
Eureka	40,941	170
Cheyenne - Scottsbluff	40,780	171
Flagstaff	40,265	172
Bluefield - Beckley - Oak Hill	40,145	173
Clarksburg - Weston	39,738	174
Charlottesville	39,579	175
Great Falls	39,175	176
Harrisonburg	38,407	177
Butte	37,616	178
Columbus - Tupelo	36,059	179
Marquette	35,960	180
Lake Charles	35,260	181
Lafayette, Ind.	34,186	182
Alexandria, La.	33,795	183
Lima	32,965	184
Bend	31,481	185
Ca[illegible]r - Riverton	31,075	186
Tuscaloosa	26,177	187
Jonesboro	26,143	188
San Angelo	24,296	189
Laurel - Hattiesburg	24,149	190
Laredo	23,579	191
St. Joseph	23,444	192
Ardmore - Ada	23,113	193
Hagerstown	22,423	194
Mankato	22,089	195
Greenwood - Greenville	21,341	196
Jackson, Tenn.	20,973	197
Bowling Green	19,606	198
Zanesville	19,528	199
Parkersburg	18,898	200
Anniston	18,224	201
Presque Isle	17,850	202
Victoria	16,500	203
Meridian	16,413	204
Helena	15,886	205
Twin Falls	15,307	206
North Platte	12,377	207
Ottumwa - Kirksville	11,668	208
Alpena	11,007	209
Total U.S. ADIs	77,269,009	

23RD ANNUAL RGI

ADI RANKING

RESTAURANT ACTIVITY INDEX

1989

ADI	RAI	Rank
Salisbury	145	1
Los Angeles	131	2
Anniston	127	3
Indianapolis	126	4
Atlanta	125	5
Lafayette, Ind.	123	6
San Francisco - Oakland - San Jose	122	7
Salinas - Monterey	121	8
San Diego	121	8
Detroit	120	10
Grand Junction - Durango	120	10
Washington, D.C.	118	12
Florence, S.C.	116	13
Boston	115	14
Chicago	115	14
Orlando - Daytona Beach - Melbourne	112	16
Portland, Ore.	112	16
St. Louis	112	16
Tuscaloosa	112	16
Flagstaff	111	20
Greensboro - Winston-Salem - High Point	110	21
Louisville	109	22
Miami - Ft. Lauderdale	109	22
Baltimore	108	24
Ft. Wayne	108	24
Minneapolis - St. Paul	108	24
North Platte	108	24
Denver	107	28
Albuquerque	106	29
Eugene	106	29
Parkersburg	106	29
Springfield, Mass.	106	29
Lansing	105	33
Nashville	105	33
Raleigh - Durham	105	33
Seattle - Tacoma	105	33
Topeka	105	33
Charleston, S.C.	104	38
Jacksonville	104	38
Kansas City	104	38
Santa Barbara - Santa Maria - San Luis Obispo	104	38
Springfield - Decatur - Champaign	103	42
Cheyenne - Scottsbluff	102	43
Colorado Springs - Pueblo	102	43
Knoxville	102	43
Lima	102	43
Providence - New Bedford	102	43
Wichita - Hutchinson	102	43
Cincinnati	101	49
Dallas - Ft. Worth	101	49
Norfolk - Portsmouth - Newport News - Hampton	101	49
Sacramento - Stockton	101	49
West Palm Beach - Ft. Pierce - Vero Beach	101	49
Mobile - Pensacola	100	54
New York	100	54
South Bend - Elkhart	100	54
Columbus, Ohio	99	57
Hartford - New Haven	99	57
Las Vegas	99	57
Omaha	99	57
Panama City	99	57
Peoria - Bloomington	99	57
Savannah	99	57
Lexington	98	64
Madison	98	64
Oklahoma City	98	64
Bend	97	67
Biloxi - Gulfport - Pascagoula	97	67
Columbia, S.C.	97	67
Wilmington	97	67
Bowling Green	96	71
Milwaukee	96	71
Wichita Falls - Lawton	96	71
Grand Rapids - Kalamazoo - Battle Creek	95	74
Huntsville - Decatur - Florence	95	74
Macon	95	74
Portland - Poland Spring	95	74
Toledo	95	74
Charlotte	94	79
Cleveland	94	79
La Crosse - Eau Claire	94	79
Green Bay - Appleton	93	82
Palm Springs	93	82
San Antonio	93	82
Springfield, Mo.	93	82
Tampa - St. Petersburg (Sarasota)	93	82
Ft. Myers - Naples	92	87
Austin, Tex.	91	88
Boise	91	88
Charlottesville	91	88
Gainesville	91	88
Joplin - Pittsburg	91	88
Philadelphia	91	88
Birmingham	90	94
Dayton	90	94
Lincoln - Hastings - Kearney	90	94
Reno	90	94
Flint - Saginaw - Bay City	89	98
Houston	89	98
New Orleans	89	98
St. Joseph	89	98
Abilene - Sweetwater	88	102
Erie	88	102
Lubbock	88	102
Montgomery - Selma	88	102
Salt Lake City	86	102
Columbia - Jefferson City	87	107
Harrisburg - York - Lancaster - Lebanon	87	107
Richmond	87	107
Utica	87	107
Youngstown	87	107
Alpena	86	112
Butte	86	112
Chico - Redding	86	112
Columbus, Ga.	86	112
El Paso	86	112
Greenville - New Bern - Washington	86	112
Medford	86	112
Phoenix	86	112
Rapid City	86	112
Roanoke - Lynchburg	86	112
Syracuse	86	112
Waco - Temple - Bryan	86	112
Buffalo	85	124
Burlington - Plattsburgh	85	124
Fargo	85	124
Greenville - Spartanburg - Asheville	85	124
Memphis	85	124
Pittsburgh	85	124
Tucson	85	124
Tulsa	85	124
Rochester, N.Y.	84	132
Traverse City - Cadillac	84	132
Augusta	83	134
Missoula	83	134
Rockford	83	134
Tallahassee - Thomasville	83	134
Albany - Schenectady - Troy	82	138
Amarillo	82	138
Beaumont - Port Arthur	82	138
Davenport - Rock Island - Moline	82	138
Dothan	82	138
Jackson, Miss.	82	138
Yakima	82	138
Billings - Hardin	81	145
Corpus Christi	81	145
Harrisonburg	81	145
Idaho Falls - Pocatello	81	145
Rochester - Mason City - Austin	81	145
Terre Haute	81	145
Cedar Rapids - Waterloo - Dubuque	80	151
Charleston - Huntington	80	151
Chattanooga	80	151
Evansville	80	151
Little Rock	80	151
San Angelo	80	151
Watertown - Carthage	80	151
Sioux Falls - Mitchell	79	158
Duluth - Superior	78	159
Minot - Bismarck - Dickinson - Glendive	78	159
Zanesville	78	159
Ft. Smith	77	162
Fresno - Visalia	77	162
Wausau - Rhinelander	77	162
Johnstown - Altoona	76	165
Paducah - Cape Girardeau - Harrisburg - Marion	76	165
Elmira	75	167
Spokane	75	167
Tyler - Longview - Jacksonville	75	167
Casper - Riverton	74	170
Laredo	74	170
Victoria	74	170
Wilkes-Barre - Scranton	74	170
Twin Falls	73	174
Bakersfield	72	175
Des Moines	72	175
Helena	72	175
Bristol - Kingsport - Johnson City	71	178
Wheeling - Steubenville	71	178
Great Falls	70	180
Quincy - Hannibal	70	180
Shreveport - Texarkana	70	180
Sioux City	70	180
Hagerstown	69	184
Laurel - Hattiesburg	69	184
Binghamton	68	186
Eureka	68	186
Jackson, Tenn.	68	186
Odessa - Midland	67	189
Alexandria, La.	66	190
McAllen - Brownsville	66	190
Bangor	65	192
Clarksburg - Weston	65	192
Ottumwa - Kirksville	65	192
Baton Rouge	64	195
El Centro - Yuma	64	195
Ardmore - Ada	63	197
Albany, Ga.	62	198
Marquette	62	198
Meridian	62	198
Jonesboro	61	201
Mankato	61	201
Monroe - El Dorado	61	201
Lake Charles	60	204
Bluefield - Beckley - Oak Hill	59	205
Columbus - Tupelo	59	205
Greenwood - Greenville	57	207
Lafayette, La.	57	207
Presque Isle	57	207
Total U.S. ADIs	100	

23RD ANNUAL RGI

ADI RANKING

RESTAURANT GROWTH INDEX

1989

ADI	RGI	Rank
Las Vegas	413	1
Reno	259	2
Washington, D.C.	141	3
Philadelphia	135	4
Baltimore	122	5
New York	117	6
Orlando - Daytona Beach - Melbourne	117	6
Houston	116	8
San Diego	115	9
Baton Rouge	114	10
Los Angeles	114	10
Chicago	113	12
Richmond	113	12
Boston	112	14
Harrisburg - York - Lancaster - Lebanon	112	14
Tallahassee - Thomasville	112	14
Augusta	111	17
Detroit	110	18
Jacksonville	110	18
Minneapolis - St. Paul	110	18
Montgomery - Selma	110	18
San Francisco - Oakland - San Jose	110	18
Atlanta	109	23
Charlottesville	109	23
Hartford - New Haven	108	25
Rochester, N.Y.	108	25
Dallas - Ft. Worth	107	27
Flagstaff	107	27
Jackson, Miss.	107	27
Miami - Ft. Lauderdale	107	27
Kansas City	106	31
Lansing	105	32
Milwaukee	105	32
Nashville	105	32
Macon	104	35
Beaumont - Port Arthur	103	36
Lake Charles	103	36
Louisville	103	36
Anniston	102	39
Charleston, S.C.	102	39
Columbia, S.C.	102	39
Hagerstown	102	39
Memphis	102	39
Phoenix	102	39
West Palm Beach - Ft. Pierce - Vero Beach	102	39
St. Louis	101	46
Lafayette, Ind.	100	47
New Orleans	100	47
Norfolk - Portsmouth - Newport News - Hampton	100	47
Roanoke - Lynchburg	100	47
Cincinnati	99	51
Harrisonburg	99	51
Palm Springs	99	51
Seattle - Tacoma	99	51
Bristol - Kingsport - Johnson City	98	55
Charlotte	98	55
Raleigh - Durham	98	55
Birmingham	97	58
Columbus, Ga.	97	58
Grand Rapids - Kalamazoo - Battle Creek	97	58
Huntsville - Decatur - Florence	97	58
Savannah	97	58
Albany, Ga.	96	63
Binghamton	96	63
Columbus, Ohio	96	63
Tampa - St. Petersburg (Sarasota)	96	63
Greensboro - Winston-Salem - High Point	95	67
Knoxville	95	67
Salt Lake City	95	67
Bakersfield	93	70
Dayton	93	70
Mobile - Pensacola	93	70
Rockford	93	70
Salinas - Monterey	93	70
Biloxi - Gulfport - Pascagoula	92	75
Gainesville	92	75
Indianapolis	92	75
Peoria - Bloomington	92	75
Cleveland	91	79
El Paso	91	79
Springfield, Mass.	91	79
Chattanooga	90	82
Lafayette, La.	90	82
Lexington	90	82
Columbus - Tupelo	88	85
Denver	88	85
Dothan	88	85
Ft. Wayne	88	85
Meridian	88	85
Springfield - Decatur - Champaign	88	85
Tuscaloosa	88	85
Yakima	88	85
Alexandria, La.	87	93
Bluefield - Beckley - Oak Hill	87	93
Jackson, Tenn.	87	93
Pittsburgh	87	93
Sacramento - Stockton	87	93
Bowling Green	86	98
Evansville	86	98
Flint - Saginaw - Bay City	86	98
Fresno - Visalia	86	98
Grand Junction - Durango	86	98
Greenville - Spartanburg - Asheville	86	98
Little Rock	86	98
Madison	86	98
Presque Isle	86	98
Syracuse	86	98
Boise	85	108
Omaha	85	108
Parkersburg	85	108
Shreveport - Texarkana	85	108
Albany - Schenectady - Troy	84	112
Portland, Ore.	84	112
Providence - New Bedford	84	112
Tucson	84	112
Burlington - Plattsburgh	83	116
Monroe - El Dorado	83	116
Erie	82	118
Ft. Myers - Naples	82	118
Austin, Tex.	81	120
Des Moines	81	120
Florence, S.C.	81	120
Green Bay - Appleton	81	120
Idaho Falls - Pocatello	81	120
Lima	80	125
Portland - Poland Spring	80	125
Topeka	80	125
Laredo	79	128
Laurel - Hattiesburg	79	128
Rochester - Mason City - Austin	79	128
San Antonio	79	128
Charleston - Huntington	78	132
Columbia - Jefferson City	78	132
Elmira	78	132
St. Joseph	78	132
Santa Barbara - Santa Maria - San Luis Obispo	78	132
Toledo	78	132
Albuquerque	77	138
Davenport - Rock Island - Moline	77	138
El Centro - Yuma	77	138
Greenville - New Bern - Washington	77	138
Wheeling - Steubenville	77	138
Cedar Rapids - Waterloo - Dubuque	76	143
Greenwood - Greenville	76	143
Colorado Springs - Pueblo	75	145
South Bend - Elkhart	75	145
Buffalo	74	147
Casper - Riverton	74	147
Cheyenne - Scottsbluff	74	147
Minot - Bismarck - Dickinson - Glendive	74	147
Corpus Christi	73	151
La Crosse - Eau Claire	73	151
McAllen - Brownsville	73	151
Spokane	73	151
Terre Haute	73	151
Youngstown	73	151
Ft. Smith	72	157
Lincoln - Hastings - Kearney	72	157
Utica	72	157
Wichita - Hutchinson	72	157
Tulsa	71	161
Waco - Temple - Bryan	71	161
Johnstown - Altoona	70	163
Jonesboro	70	163
Helena	69	165
Wilkes-Barre - Scranton	69	165
Billings - Hardin	68	167
North Platte	68	167
Twin Falls	68	167
Tyler - Longview - Jacksonville	68	167
Chico - Redding	67	171
Fargo	67	171
Lubbock	67	171
Odessa - Midland	67	171
Eugene	66	175
Mankato	66	175
Panama City	66	175
Salisbury	66	175
Wausau - Rhinelander	66	175
Bangor	65	180
Duluth - Superior	65	180
Wilmington	65	180
Oklahoma City	64	183
San Angelo	64	183
Springfield, Mo.	64	183
Zanesville	64	183
Paducah - Cape Girardeau - Harrisburg - Marion	63	187
Rapid City	63	187
Wichita Falls - Lawton	63	187
Amarillo	62	190
Victoria	62	190
Quincy - Hannibal	61	192
Sioux Falls - Mitchell	61	192
Watertown - Carthage	61	192
Eureka	60	195
Ottumwa - Kirksville	60	195
Alpena	59	197
Bend	59	197
Butte	59	197
Clarksburg - Weston	59	197
Great Falls	59	197
Sioux City	58	202
Abilene - Sweetwater	57	203
Ardmore - Ada	57	203
Marquette	55	205
Missoula	55	205
Joplin - Pittsburg	54	207
Traverse City - Cadillac	53	208
Medford	52	209
Total U.S. ADIs	100	

23RD ANNUAL RGI
ADI RANKING
POPULATION PER UNIT
1989

ADI	Pop. Per Unit	Rank
Alexandria, La.	1,200	1
Montgomery - Selma	1,165	2
McAllen - Brownsville	1,174	3
Bluefield - Beckley - Oak Hill	1,170	4
Anniston	1,119	5
Monroe - El Dorado	1,118	6
Lake Charles	1,104	7
Columbus - Tupelo	1,099	8
Laredo	1,091	9
Baton Rouge	1,069	10
Lafayette, La.	1,062	11
Augusta	1,053	12
Dothan	1,052	13
Jackson, Miss.	1,052	13
Greenwood - Greenville	1,047	15
Meridian	1,042	16
Bristol - Kingsport - Johnson City	1,041	17
Shreveport - Texarkana	1,027	18
Albany, Ga.	1,003	19
El Paso	1,003	19
Birmingham	989	21
Columbus, Ga.	980	22
Charleston - Huntington	968	23
Memphis	961	24
Bowling Green	956	25
Beaumont - Port Arthur	955	26
Tallahassee - Thomasville	952	27
Jonesboro	938	28
Laurel - Hattiesburg	935	29
Louisville	923	30
Macon	916	31
Charleston, S.C.	915	32
Palm Springs	913	33
Columbia, S.C.	906	34
Huntsville - Decatur - Florence	902	35
Presque Isle	898	36
Jackson, Tenn.	892	37
Tuscaloosa	892	37
Wheeling - Steubenville	888	39
Flint - Saginaw - Bay City	881	40
El Centro - Yuma	878	41
Greenville - New Bern - Washington	875	42
Lexington	869	43
Lansing	867	44
Fresno - Visalia	865	45
Nashville	863	46
Biloxi - Gulfport - Pascagoula	857	47
Johnstown - Altoona	857	47
Bakersfield	854	49
Little Rock	854	49
Salt Lake City	854	49
Mobile - Pensacola	853	52
New Orleans	853	52
Binghamton	849	54
Baltimore	846	55
Houston	846	55
Ardmore - Ada	844	57
Detroit	839	58
Knoxville	837	59
Waco - Temple - Bryan	835	60
Chattanooga	834	61
Terre Haute	832	62
Savannah	829	63
Clarksburg - Weston	827	64
Grand Rapids - Kalamazoo - Battle Creek	826	65
Harrisburg - York - Lancaster - Lebanon	822	66
Pittsburgh	815	67
Ft. Smith	813	68
Hagerstown	812	69
Evansville	810	70
Richmond	809	71
Philadelphia	806	72
Roanoke - Lynchburg	803	73
Cincinnati	801	74
Dayton	797	75
Parkersburg	795	76
Chicago	794	77
Tucson	794	77
St. Louis	793	79
Las Vegas	791	80
Raleigh - Durham	791	80
Minneapolis - St. Paul	790	82
San Diego	789	83
Columbus, Ohio	788	84
Elmira	788	84
Jacksonville	788	84
Rockford	788	84
Paducah - Cape Girardeau - Harrisburg - Marion	783	88
Tampa - St. Petersburg (Sarasota)	782	89
Harrisonburg	781	90
Kansas City	781	90
Greenville - Spartanburg - Asheville	779	92
Ottumwa - Kirksville	778	93
Yakima	778	93
New York	774	95
Cleveland	773	96
Erie	770	97
Quincy - Hannibal	770	97
Norfolk - Portsmouth - Newport News - Hampton	769	99
San Antonio	769	99
Washington, D.C.	769	99
Youngstown	768	102
Zanesville	768	102
Los Angeles	767	104
Charlotte	766	105
Phoenix	765	106
Abilene - Sweetwater	763	107
Milwaukee	763	107
St. Joseph	763	107
Twin Falls	763	107
Tyler - Longview - Jacksonville	763	107
Rochester, N.Y.	761	112
Idaho Falls - Pocatello	760	113
Greensboro - Winston-Salem - High Point	759	114
San Angelo	759	114
Springfield - Decatur - Champaign	759	114
Ft. Wayne	758	117
Lafayette, Ind.	758	117
Wilkes-Barre - Scranton	755	119
Columbia - Jefferson City	754	120
Corpus Christi	752	121
Orlando - Daytona Beach - Melbourne	749	122
Indianapolis	745	123
Minot - Bismarck - Dickinson - Glendive	741	124
Sacramento - Stockton	741	124
Wichita Falls - Lawton	739	126
Davenport - Rock Island - Moline	735	127
Green Bay - Appleton	735	127
West Palm Beach - Ft. Pierce - Vero Beach	734	129
Dallas - Ft. Worth	732	130
Cedar Rapids - Waterloo - Dubuque	731	131
Atlanta	730	132
Des Moines	730	132
Peoria - Bloomington	728	134
Springfield, Mass.	728	134
Tulsa	726	136
Marquette	725	137
Fargo	720	138
Topeka	718	139
Rochester - Mason City - Austin	716	140
Boise	715	141
La Crosse - Eau Claire	715	141
Toledo	715	141
Albuquerque	714	144
Omaha	714	144
South Bend - Elkhart	712	146
Lubbock	708	147
Chico - Redding	699	148
Lima	699	148
Springfield, Mo	699	148
Spokane	698	151
Ft. Myers - Naples	697	152
Gainesville	697	152
Odessa - Midland	697	152
Utica	696	155
Colorado Springs - Pueblo	695	156
Hartford - New Haven	690	157
Wilmington	690	157
Syracuse	688	159
Watertown - Carthage	687	160
Victoria	684	161
Alpena	682	162
Miami - Ft. Lauderdale	682	162
Seattle - Tacoma	680	164
Sioux City	677	165
Buffalo	672	166
Wausau - Rhinelander	670	167
Cheyenne - Scottsbluff	665	168
Lincoln - Hastings - Kearney	664	169
Providence - New Bedford	663	170
Madison	662	171
Mankato	657	172
Boston	655	173
Sioux Falls - Mitchell	655	173
Duluth - Superior	654	175
Salinas - Monterey	653	176
Portland, Ore	652	177
Burlington - Plattsburgh	649	178
Joplin - Pittsburg	649	178
Reno	648	180
Amarillo	634	181
Rapid City	634	181
Oklahoma City	633	183
Charlottesville	629	184
Albany - Schenectady - Troy	627	185
Casper - Riverton	619	186
Austin, Tex	615	187
Eugene	614	188
Denver	612	189
Bangor	611	190
San Francisco - Oakland - San Jose	609	191
Wichita - Hutchinson	607	192
Grand Junction - Durango	606	193
Flagstaff	602	194
Medford	598	195
Panama City	595	196
Florence, S.C	592	197
North Platte	590	198
Great Falls	566	199
Billings - Hardin	565	200
Traverse City - Cadillac	562	201
Portland - Poland Spring	559	202
Helena	552	203
Santa Barbara - Santa Maria - San Luis Obispo	550	204
Missoula	539	205
Bend	532	206
Butte	517	207
Eureka	509	208
Salisbury	467	209
Total U.S. ADIs	763	

23RD ANNUAL RGI

ADI RANKING

PER CAPITA EATING PLACE SALES 1989

ADI	Per Capita Sales	Rank
Salisbury	1,057	1
Boston	946	2
Santa Barbara - Santa Maria - San Luis Obispo	916	3
San Francisco - Oakland - San Jose	907	4
Washington, D.C.	866	5
Los Angeles	849	6
Charlottesville	847	7
Orlando - Daytona Beach - Melbourne	844	8
Portland - Poland Spring	831	9
San Diego	827	10
West Palm Beach - Ft. Pierce - Vero Beach	815	11
Austin, Tex.	811	12
Seattle - Tacoma	810	13
Bend	809	14
Dallas - Ft. Worth	793	15
Ft. Myers - Naples	788	16
Salinas - Monterey	785	17
Atlanta	783	18
Florence, S.C.	783	18
Flagstaff	763	20
Providence - New Bedford	763	20
Hartford - New Haven	751	22
Miami - Ft. Lauderdale	731	23
Denver	723	24
Springfield, Mass.	721	25
Las Vegas	720	26
Portland, Ore.	716	27
Panama City	715	28
Grand Junction - Durango	707	29
Lafayette, Ind.	701	30
Tampa - St. Petersburg (Sarasota)	696	31
Albany - Schenectady - Troy	692	32
Cheyenne - Scottsbluff	691	33
Rochester, N.Y.	687	34
Burlington - Plattsburgh	685	35
New York	684	36
New Orleans	682	37
Norfolk - Portsmouth - Newport News - Hampton	682	37
Palm Springs	682	37
Parkersburg	676	40
Baltimore	674	41
Detroit	673	42
Chicago	672	43
Indianapolis	671	44
Minneapolis - St. Paul	665	45
Lima	664	46
Eugene	661	47
Jacksonville	660	48
Cincinnati	657	49
Raleigh - Durham	657	49
San Antonio	653	51
Sacramento - Stockton	651	52
Phoenix	646	53
Kansas City	639	54
Philadelphia	639	54
Gainesville	638	56
Oklahoma City	635	57
Greensboro - Winston-Salem - High Point	634	58
Charleston, S.C.	633	59
Madison	633	59
Syracuse	633	59
Reno	624	62
Harrisburg - York - Lancaster - Lebanon	621	63
St. Louis	620	64
Charlotte	617	65
Mankato	609	66
Milwaukee	608	67

ADI	Per Capita Sales	Rank
Traverse City - Cadillac	606	68
Louisville	605	69
Utica	604	70
Ft. Wayne	601	71
Springfield - Decatur - Champaign	600	72
Columbus, Ohio	599	73
Houston	598	74
Wichita - Hutchinson	597	75
Helena	595	76
Richmond	594	77
Tulsa	589	78
Lubbock	585	79
Omaha	585	79
Nashville	582	81
Lexington	581	82
Missoula	577	83
Albuquerque	576	84
Buffalo	576	84
Knoxville	572	86
Medford	569	87
Bangor	567	88
Savannah	567	88
Colorado Springs - Pueblo	566	90
Billings - Hardin	564	91
Dayton	563	92
Lansing	561	93
Amarillo	556	94
Tuscaloosa	556	94
Chico - Redding	555	96
Mobile - Pensacola	555	96
Victoria	555	96
Columbia, S.C.	551	99
Huntsville - Decatur - Florence	549	100
Cleveland	548	101
Erie	547	102
Greenville - Spartanburg - Asheville	547	102
Spokane	547	102
Toledo	546	105
North Platte	544	106
Rockford	544	106
South Bend - Elkhart	544	106
Wilmington	544	106
Watertown - Carthage	541	110
Green Bay - Appleton	540	111
Yakima	538	112
Peoria - Bloomington	536	113
Wichita Falls - Lawton	534	114
Boise	532	115
Butte	532	115
Topeka	531	117
Corpus Christi	530	118
Tyler - Longview - Jacksonville	530	118
Waco - Temple - Bryan	529	120
La Crosse - Eau Claire	528	121
Bowling Green	525	122
Pittsburgh	524	123
Des Moines	517	124
Roanoke - Lynchburg	517	124
Biloxi - Gulfport - Pascagoula	513	126
Springfield, Mo.	507	127
Bakersfield	506	128
Tucson	506	128
Grand Rapids - Kalamazoo - Battle Creek	503	130
Birmingham	502	131
Rapid City	499	132
Binghamton	498	133
Eureka	496	134
Elmira	495	135
Cedar Rapids - Waterloo - Dubuque	494	136
Columbia - Jefferson City	492	137
Rochester - Mason City - Austin	492	137
Flint - Saginaw - Bay City	491	139

ADI	Per Capita Sales	Rank
Lincoln - Hastings - Kearney	491	139
Anniston	489	141
Wilkes-Barre - Scranton	489	141
Ft. Smith	488	143
Harrisonburg	487	144
Tallahassee - Thomasville	487	144
Beaumont - Port Arthur	485	146
Chattanooga	485	146
Joplin - Pittsburg	483	148
Greenville - New Bern - Washington	482	149
Little Rock	481	150
Macon	481	150
Fresno - Visalia	480	152
Alpena	478	153
Fargo	477	154
El Paso	476	155
Salt Lake City	475	156
Davenport - Rock Island - Moline	472	157
Odessa - Midland	472	157
Casper - Riverton	470	159
St. Joseph	470	159
Zanesville	470	159
Wausau - Rhinelander	469	162
Abilene - Sweetwater	468	163
Baton Rouge	467	164
Evansville	467	164
Johnstown - Altoona	467	164
San Angelo	467	164
Youngstown	464	168
Lake Charles	460	169
Augusta	458	170
Duluth - Superior	455	171
Dothan	448	172
Laredo	447	173
Columbus, Ga.	442	174
Idaho Falls - Pocatello	435	175
Charleston - Huntington	433	176
Montgomery - Selma	432	177
Sioux Falls - Mitchell	431	178
Hagerstown	424	179
Marquette	424	179
Jackson, Miss.	422	181
Memphis	421	182
Terre Haute	421	182
Great Falls	417	184
Paducah - Cape Girardeau - Harrisburg - Marion	411	185
Shreveport - Texarkana	406	186
Lafayette, La.	402	187
Wheeling - Steubenville	400	188
Sioux City	398	189
Minot - Bismarck - Dickinson - Glendive	395	190
Clarksburg - Weston	392	191
Jonesboro	387	192
Ardmore - Ada	383	193
Alexandria, La.	382	194
El Centro - Yuma	381	195
Monroe - El Dorado	380	196
Albany, Ga.	377	197
Twin Falls	370	198
Jackson, Tenn.	369	199
Bristol - Kingsport - Johnson City	367	200
Presque Isle	367	200
Laurel - Hattiesburg	362	202
Ottumwa - Kirksville	360	203
McAllen - Brownsville	348	204
Meridian	340	205
Quincy - Hannibal	339	206
Bluefield - Beckley - Oak Hill	321	207
Greenwood - Greenville	319	208
Columbus - Tupelo	294	209
Total U.S. ADIs	647	

23RD ANNUAL RGI

ADI RANKING

PER CAPITA FAST FOOD SALES 1989

ADI	Per Capita Sales	Rank
Salisbury	431	1
Parkersburg	430	2
Florence, S.C.	383	3
Atlanta	380	4
Charlottesville	370	5
Austin, Tex.	368	6
Lafayette, Ind.	365	7
Indianapolis	356	8
Huntsville - Decatur - Florence	355	9
Dallas - Ft. Worth	344	10
Bowling Green	342	11
Tuscaloosa	339	12
Louisville	338	13
Jacksonville	336	14
Raleigh - Durham	335	15
Bend	331	16
Lexington	328	17
Norfolk - Portsmouth - Newport News - Hampton	326	18
Charlotte	325	19
Los Angeles	321	20
San Diego	320	21
Santa Barbara - Santa Maria - San Luis Obispo	319	22
San Antonio	317	23
Lima	315	24
Kansas City	310	25
Washington, D.C.	308	26
Oklahoma City	304	27
Orlando - Daytona Beach - Melbourne	304	27
Palm Springs	304	27
San Francisco - Oakland - San Jose	304	27
Biloxi - Gulfport - Pascagoula	303	31
Flagstaff	303	31
Greensboro - Winston-Salem - High Point	303	31
Nashville	301	34
Wichita - Hutchinson	301	34
Columbus, Ohio	299	36
Las Vegas	299	36
Savannah	299	36
St. Louis	298	39
Anniston	297	40
Dayton	295	41
Tulsa	293	42
Wilmington	293	42
Cheyenne - Scottsbluff	292	44
New Orleans	292	44
Greenville - Spartanburg - Asheville	291	46
Birmingham	288	47
Portland - Poland Spring	288	47
Chattanooga	287	49
Cincinnati	287	49
Seattle - Tacoma	287	49
Corpus Christi	286	52
Knoxville	286	52
Lubbock	286	52
Mobile - Pensacola	284	55
Sacramento - Stockton	281	56
Ft. Wayne	280	57
Richmond	280	57
Amarillo	279	59
Baltimore	279	59
Topeka	278	61
Detroit	277	62
Montgomery - Selma	276	63
Salinas - Monterey	276	63
Portland, Ore.	273	65
Springfield - Decatur - Champaign	271	66
Wichita Falls - Lawton	270	67
Panama City	269	68
South Bend - Elkhart	269	68
Ft. Smith	268	70
Tyler - Longview - Jacksonville	268	70
Charleston, S.C.	266	72
Dothan	266	72
Providence - New Bedford	266	72
Eugene	265	75
Greenville - New Bern - Washington	265	75
Rochester, N.Y.	264	77
Springfield, Mo.	264	77
Harrisonburg	263	79
Bakersfield	262	80
Columbia, S.C.	262	80
Macon	260	82
Omaha	259	83
Phoenix	259	83
Albuquerque	258	85
Boston	258	85
Ft. Myers - Naples	258	85
Reno	258	85
Tampa - St. Petersburg (Sarasota)	258	85
Evansville	257	90
Little Rock	256	91
Victoria	256	91
Columbia - Jefferson City	255	93
Columbus, Ga.	254	94
Charleston - Huntington	253	95
Houston	253	95
Denver	252	97
Chicago	251	98
North Platte	251	98
Waco - Temple - Bryan	250	100
West Palm Beach - Ft. Pierce - Vero Beach	250	100
Beaumont - Port Arthur	248	102
Lansing	247	103
Roanoke - Lynchburg	247	103
Peoria - Bloomington	246	105
Toledo	245	106
Cleveland	244	107
Joplin - Pittsburg	244	107
Traverse City - Cadillac	244	107
Abilene - Sweetwater	243	110
Clarksburg - Weston	243	110
Minneapolis - St. Paul	243	110
Augusta	242	113
Grand Junction - Durango	242	113
Hartford - New Haven	241	115
Zanesville	241	115
Paducah - Cape Girardeau - Harrisburg - Marion	240	117
Baton Rouge	238	118
Gainesville	238	118
Springfield, Mass.	238	118
Boise	237	121
Odessa - Midland	236	122
Rockford	236	122
Colorado Springs - Pueblo	235	124
Salt Lake City	235	124
Harrisburg - York - Lancaster - Lebanon	234	126
Laurel - Hattiesburg	234	126
Madison	234	126
Miami - Ft. Lauderdale	234	126
Jackson, Miss.	232	130
Jonesboro	232	130
Milwaukee	231	132
St. Joseph	231	132
Spokane	231	132
Mankato	228	135
San Angelo	228	135
Medford	227	137
Lake Charles	226	138
Lincoln - Hastings - Kearney	226	138
Terre Haute	226	138
Helena	225	141
Bristol - Kingsport - Johnson City	223	142
Davenport - Rock Island - Moline	223	142
Syracuse	223	142
Meridian	222	145
Tallahassee - Thomasville	222	145
El Paso	221	147
Fargo	221	147
Memphis	221	147
Billings - Hardin	220	150
Buffalo	220	150
Des Moines	220	150
Albany - Schenectady - Troy	219	153
Missoula	219	153
Wheeling - Steubenville	219	153
Shreveport - Texarkana	218	156
Albany, Ga.	217	157
Cedar Rapids - Waterloo - Dubuque	216	158
Tucson	216	158
Ardmore - Ada	215	160
Philadelphia	214	161
Lafayette, La.	212	162
Chico - Redding	211	163
Flint - Saginaw - Bay City	211	163
Watertown - Carthage	210	165
Youngstown	209	166
Fresno - Visalia	208	167
Laredo	208	167
Erie	207	169
Greenwood - Greenville	206	170
Monroe - El Dorado	205	171
Bangor	204	172
Jackson, Tenn.	204	172
Butte	202	174
Grand Rapids - Kalamazoo - Battle Creek	202	174
Yakima	202	174
Burlington - Plattsburgh	201	177
Green Bay - Appleton	201	177
Pittsburgh	201	177
Wilkes-Barre - Scranton	198	180
Alexandria, La.	197	181
Rapid City	197	181
Bluefield - Beckley - Oak Hill	195	183
La Crosse - Eau Claire	194	184
Rochester - Mason City - Austin	194	184
Alpena	193	186
Idaho Falls - Pocatello	193	186
Columbus - Tupelo	192	188
Casper - Riverton	190	189
Eureka	187	190
Minot - Bismarck - Dickinson - Glendive	187	190
Ottumwa - Kirksville	185	192
Utica	182	193
Quincy - Hannibal	181	194
Hagerstown	178	195
Johnstown - Altoona	178	195
Sioux City	178	195
New York	174	198
Elmira	170	199
Marquette	170	199
Twin Falls	169	201
Duluth - Superior	166	202
Sioux Falls - Mitchell	164	203
Great Falls	162	204
McAllen - Brownsville	162	204
Wausau - Rhinelander	162	204
Binghamton	154	207
El Centro - Yuma	148	208
Presque Isle	132	209
Total U.S. ADIs	261	

23RD ANNUAL, RGI
ADI RANKING
PER CAPITA RESTAURANT SALES 1989

ADI	Per Capita Sales	Rank
Boston	563	1
Santa Barbara - Santa Maria - San Luis Obispo	558	2
Salisbury	553	3
West Palm Beach - Ft. Pierce - Vero Beach	507	4
San Francisco - Oakland - San Jose	502	5
Portland - Poland Spring	483	6
Ft. Myers - Naples	468	7
Salinas - Monterey	467	8
Orlando - Daytona Beach - Melbourne	462	9
Seattle - Tacoma	457	10
Los Angeles	440	11
San Diego	439	12
Bend	435	13
Washington, D.C.	427	14
Providence - New Bedford	424	15
Springfield, Mass.	424	15
Burlington - Plattsburgh	420	17
Flagstaff	413	18
Hartford - New Haven	413	18
Miami - Ft. Lauderdale	413	18
Grand Junction - Durango	403	21
Albany - Schenectady - Troy	390	22
Panama City	384	23
Portland, Ore.	381	24
Denver	380	25
New York	378	26
Charlottesville	372	27
Tampa - St. Petersburg (Sarasota)	372	27
Cheyenne - Scottsbluff	365	29
Madison	363	30
Minneapolis - St. Paul	353	31
Eugene	350	32
Palm Springs	350	32
Mankato	347	34
Gainesville	343	35
Austin, Tex.	340	36
Chicago	337	37
Harrisburg - York - Lancaster - Lebanon	336	38
Rochester, N.Y.	336	38
Philadelphia	335	40
Helena	331	41
Traverse City - Cadillac	330	42
Florence, S.C.	329	43
Sacramento - Stockton	329	43
Utica	325	45
Bangor	324	46
Missoula	322	47
Milwaukee	321	48
Dallas - Ft. Worth	318	49
Syracuse	317	50
Detroit	316	51
Las Vegas	314	52
Phoenix	312	53
Billings - Hardin	308	54
Atlanta	307	55
Medford	306	56
Green Bay - Appleton	303	57
Yakima	302	58
La Crosse - Eau Claire	300	59
Chico - Redding	298	60
Butte	297	61
Charleston, S.C.	297	61
Cincinnati	297	61
Reno	295	64
Eureka	293	65
Norfolk - Portsmouth - Newport News - Hampton	291	66
Lima	288	67
Baltimore	286	68
Ft. Wayne	284	69
Buffalo	283	70
Wausau - Rhinelander	283	70
New Orleans	282	72
Watertown - Carthage	281	73
Spokane	280	74
Lansing	278	75
Erie	275	76
Rapid City	275	76
Omaha	273	78
Lafayette, Ind.	272	79
Colorado Springs - Pueblo	271	80
Jacksonville	271	80
Springfield - Decatur - Champaign	267	82
Binghamton	266	83
Albuquerque	263	84
Rochester - Mason City - Austin	263	84
Casper - Riverton	262	86
Grand Rapids - Kalamazoo - Battle Creek	261	87
Alpena	260	88
Pittsburgh	260	88
Elmira	259	90
Kansas City	259	90
North Platte	259	90
Boise	258	93
Houston	255	94
Duluth - Superior	254	95
Raleigh - Durham	254	95
Cleveland	253	97
San Antonio	252	98
Toledo	252	98
Flint - Saginaw - Bay City	250	100
Rockford	248	101
Des Moines	247	102
Columbus, Ohio	246	103
Knoxville	246	103
Tucson	245	105
Sioux Falls - Mitchell	243	106
Richmond	241	107
Wilkes-Barre - Scranton	241	107
Fargo	240	109
Fresno - Visalia	239	110
Cedar Rapids - Waterloo - Dubuque	238	111
Indianapolis	238	111
Greensboro - Winston-Salem - High Point	237	113
Nashville	235	114
Johnstown - Altoona	234	115
Marquette	232	116
St. Louis	231	117
Lincoln - Hastings - Kearney	230	118
Oklahoma City	230	118
Charlotte	228	120
Great Falls	228	120
Tallahassee - Thomasville	228	120
Wichita - Hutchinson	228	120
South Bend - Elkhart	227	124
Peoria - Bloomington	226	125
Mobile - Pensacola	224	126
Lubbock	222	127
Bakersfield	221	128
Dayton	218	129
Idaho Falls - Pocatello	218	129
Victoria	217	131
Louisville	216	132
Roanoke - Lynchburg	215	133
El Centro - Yuma	214	134
Savannah	214	134
Davenport - Rock Island - Moline	212	136
Amarillo	211	137
Presque Isle	209	138
Columbia, S.C.	207	139
Youngstown	207	139
Greenville - Spartanburg - Asheville	205	141
Waco - Temple - Bryan	205	141
Tulsa	204	143
Springfield, Mo	200	144
Wilmington	200	144
Lexington	198	146
Topeka	197	147
Tyler - Longview - Jacksonville	197	147
Columbia - Jefferson City	196	149
Salt Lake City	196	149
Minot - Bismarck - Dickinson - Glendive	195	151
Zanesville	195	151
El Paso	193	153
Sioux City	193	153
Wichita Falls - Lawton	193	153
Parkersburg	190	156
Hagerstown	189	157
Corpus Christi	187	158
St. Joseph	187	158
Joplin - Pittsburg	185	160
Harrisonburg	184	161
Twin Falls	179	162
San Angelo	178	163
Odessa - Midland	177	164
Greenville - New Bern - Washington	176	165
Laredo	174	166
Beaumont - Port Arthur	173	167
Evansville	172	168
Macon	172	168
Abilene - Sweetwater	171	170
Little Rock	171	170
Chattanooga	166	172
Tuscaloosa	165	173
Lake Charles	164	174
Baton Rouge	163	175
Ft. Smith	162	176
Terre Haute	162	176
Birmingham	158	178
Augusta	157	179
Ottumwa - Kirksville	156	180
Biloxi - Gulfport - Pascagoula	153	181
Bowling Green	152	182
Huntsville - Decatur - Florence	151	183
Memphis	150	184
Paducah - Cape Girardeau - Harrisburg - Marion	147	185
Columbus, Ga.	146	186
Dothan	146	186
Shreveport - Texarkana	146	186
Wheeling - Steubenville	146	186
Anniston	145	190
Charleston - Huntington	144	191
Jackson, Miss.	141	192
Quincy - Hannibal	138	193
Jackson, Tenn.	136	194
McAllen - Brownsville	136	194
Lafayette, La.	135	196
Alexandria, La.	130	197
Albany, Ga.	128	198
Monroe - El Dorado	127	199
Jonesboro	126	200
Clarksburg - Weston	120	201
Montgomery - Selma	120	201
Ardmore - Ada	119	203
Bristol - Kingsport - Johnson City	111	204
Bluefield - Beckley - Oak Hill	102	205
Laurel - Hattiesburg	97	206
Meridian	90	207
Greenwood - Greenville	85	208
Columbus - Tupelo	79	209
Total U.S. ADIs	311	

NOTE

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RB

RESTAURANT BUSINESS

OCTOBER 10, 1990
A BILL PUBLICATION

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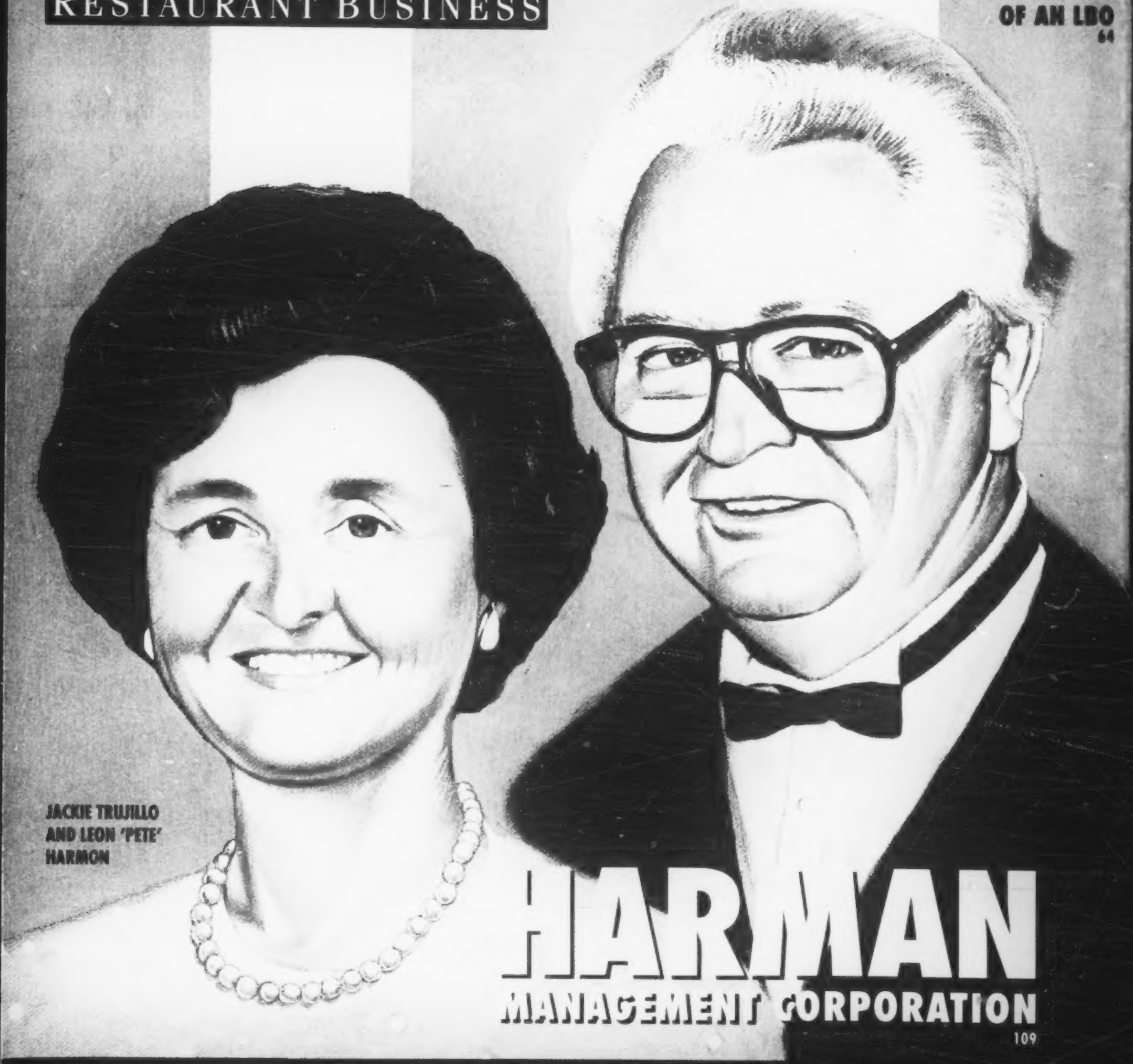
MELROSE DINER
88

MENU IDEAS: POTATOES
123

MARKET SEGMENT:
COUNTRY/BARBECUE
139

CAREER CASUALTIES
OF AN LBO
64

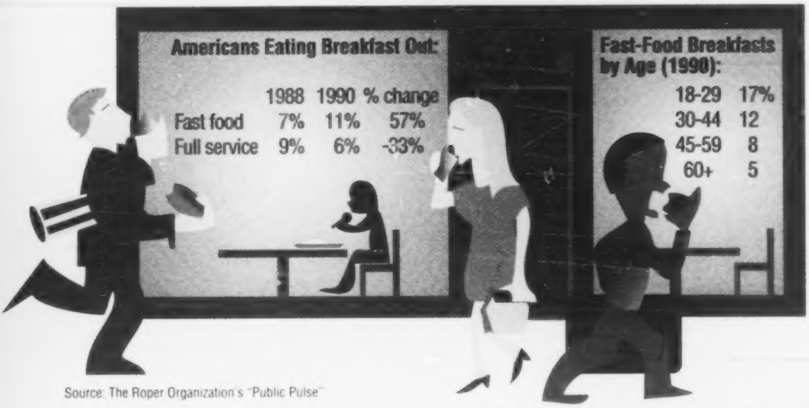


JACKIE TRUJILLO
AND LEON 'PETE'
HARMON

HARMAN
MANAGEMENT CORPORATION
109

COMPANY • OF • THE • YEAR

BUSINESS BAROMETER



Americans Eating Breakfast Out:

	1988	1990	% change
Fast food	7%	11%	57%
Full service	9%	6%	-33%

Fast-Food Breakfasts by Age (1990):

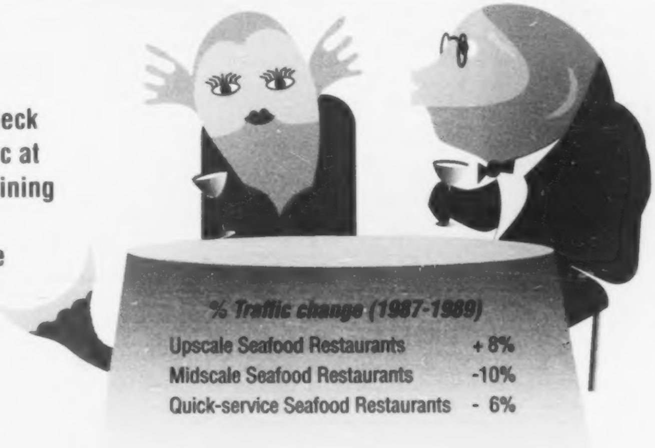
18-29	17%
30-44	12
45-59	8
60+	5

Source: The Roper Organization's "Public Pulse"

Fast-Food Breakfast Market Growing

While breakfast patronage among adult Americans at full-service restaurants is down, quick-service breakfast business is up, according to a poll by the Roper Organization. The biggest fast-food breakfast group: customers between 18 and 29 years old.

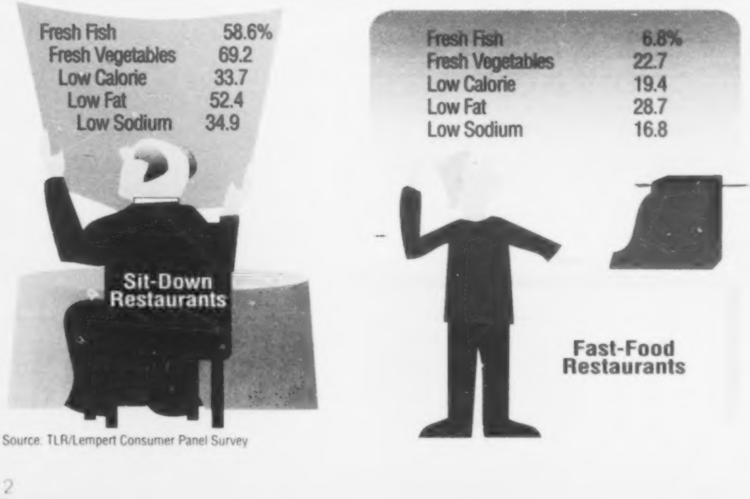
With the exception of moderate-check upscale seafood restaurants, traffic at seafood restaurants has been declining since 1987, according to NPD's Consumer Reports on Eating Share Trends (CREST).



% Traffic change (1987-1989)

Upscale Seafood Restaurants	+ 8%
Midscale Seafood Restaurants	-10%
Quick-service Seafood Restaurants	- 6%

Source: NPD/CREST and the National Restaurant Association



Sit-Down Restaurants

Fresh Fish	58.6%
Fresh Vegetables	69.2
Low Calorie	33.7
Low Fat	52.4
Low Sodium	34.9

Fast-Food Restaurants

Fresh Fish	6.8%
Fresh Vegetables	22.7
Low Calorie	19.4
Low Fat	28.7
Low Sodium	16.8

Source: TLR/Lempert Consumer Panel Survey

Healthful Food Choices at Sit-Down/Fast-Food Restaurants

Customer preference for certain healthful foods varies depending on the type of restaurant setting, according to a Lempert Report survey taken last spring.

Charts by Peter K. Niceberg

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Company of the Year: Harman Management Corp., p. 109.

COVER STORY

COMPANY OF THE YEAR HARMAN MANAGEMENT. This 240-unit Kentucky Fried Chicken franchisee is synonymous with people-oriented management, customer satisfaction, fast-food innovation, and industry leadership. After a career that spans half a century, founder and chairman Pete Harman has proved that sharing ownership with employees and investing in their job satisfaction, training, and motivation are consistent with long-term business success. **109**

FEATURES

HUMAN RESOURCES TAKEOVER TOLL. After Coniston Partners' takeover of TW Services, there were assurances of a smooth transition. However, there were a few casualties created by the cutting of corporate "fat" from the profitable Canteen division. After years of loyalty, some Canteen middle managers are out of work. **64**

Cover illustration by Earl Keleny

Published 18 times a year by Restaurant Business Magazine, (ISSN 0097-8043), 633 Third Ave., New York, N.Y. 10017 Vol. 89 No. 15. Second Class Postage paid at New York, N.Y. and additional office (USPS 917-180). Postmaster please send address changes to Restaurant Business, P.O. Box 5309, Grand Central Station, New York, N.Y. 10017

ADVERTISING BILLBOARDS. An innovative series of ads enticed customers to seek out the "lady in red" every Friday night for weeks at Garcia's. It also won the ad agency a coveted Obie award. **80**

INDEPENDENT STAR MELROSE DINER. For more than half a century in South Philadelphia, "Everybody Who Knows Goes to the Melrose," where owner Richard Kubach says he grosses $5 million with just 106 seats. **88**

INDUSTRY ISSUE COMMUNITY SPIRIT. Part II of this series details how restaurants and hotels are creating programs to help potential workers who are struggling to overcome illiteracy and youths who are at risk of dropping out of high schools or subject to problems such as drug abuse and poverty. In this way, operators are helping to establish social policy while at the same time building an alternate labor force. **95**

MARKET SEGMENT REPORT COUNTRY/BBQ. A multitude of independent operators serve up big platefuls of country specialties on highways and byways across the South and Midwest, and thousands of roadside stands sell pit-smoked barbecue. Yet very few chains have been able to tap the public's undeniable interest in either of these markets. **139**

FOOD AND BEVERAGE

MENU IDEAS POTATOES. Operations from fast-food chains to fine restaurants are using the potato as a drawing card and point of differentiation. With per-capita consumption at 127 lb., spuds are American's favorite vegetable. 123

CHEF'S ART CHRIS SCHLESINGER. At the East Coast Grill in Cambridge, MA, chef Schlesinger serves grilled turkey steaks accompanied by a white grape-cranberry relish. 128

PIECE MEAL POTSTICKERS. Chinese cooks have developed countless variations on the dumpling theme. They can be steamed, boiled, or fried, but they are always crescent-shaped. 131

PRO'S PANTRY MARKET FORECAST. As a guide for planning your menus, expert Charles Thienpont offers predictions of prices for important foodservice commodities. 134

DRAFTS, CARAFES & SPIRITS SPARKLING WINES. Promotions for bubbly should be as upscale as its sparkling image. But price shouldn't be a deterrent because quality is available at all levels. 161

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INDUSTRY REPORTS AVAILABLE

Reprints of the **1990 RESTAURANT GROWTH INDEX** and the **1990 MAJOR FORCES IN FRANCHISING** are available for $5 per copy. Direct inquiries to Editorial Director Peter Berlinski, *Restaurant Business*, 633 Third Ave., New York, NY 10017.

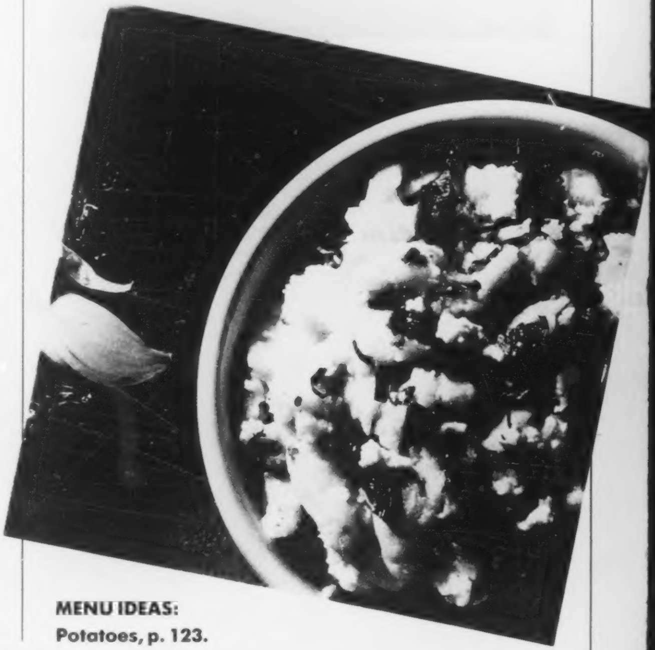
IN THE NEXT ISSUE

COVER STORY INDEPENDENT LEGENDS
RB pays tribute to unsung industry heros, a group of independent restaurateurs from Washington State to Maine. Their longevity in the business, continued success, and contributions both to the industry and their communities make them legends in our time.

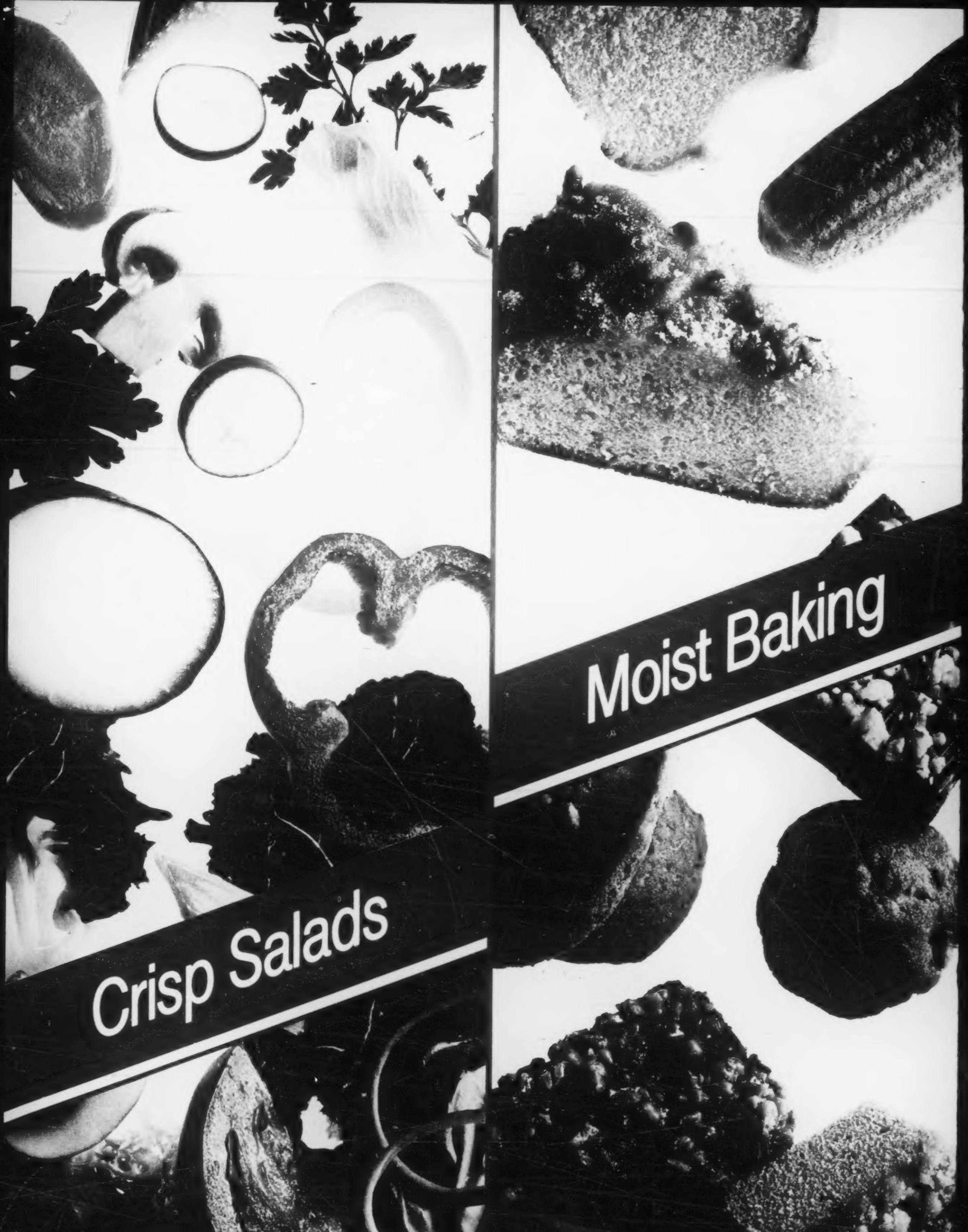
MARKET SEGMENT REPORT UPSCALE TAKE-OUT
For upscale restaurants that are feeling the pinch from decreased traffic, take-out continues to be a vehicle for sales growth. Delivery services have also caught on in a big way.

COMMUNITY SERVICE HEALTH ISSUES
The final part of this series focuses on the ways the industry is involved with programs for the disabled and those suffering from serious illnesses.

MENU IDEAS SAUCES & CONDIMENTS
Ethnic influences as well as the continued trend toward healthy eating has prompted chefs to create a host of innovative sauces and condiments using herbs, spices, and produce.



MENU IDEAS:
Potatoes, p. 123.


Crisp Salads
Moist Baking

COUNTRY & BARBECUE

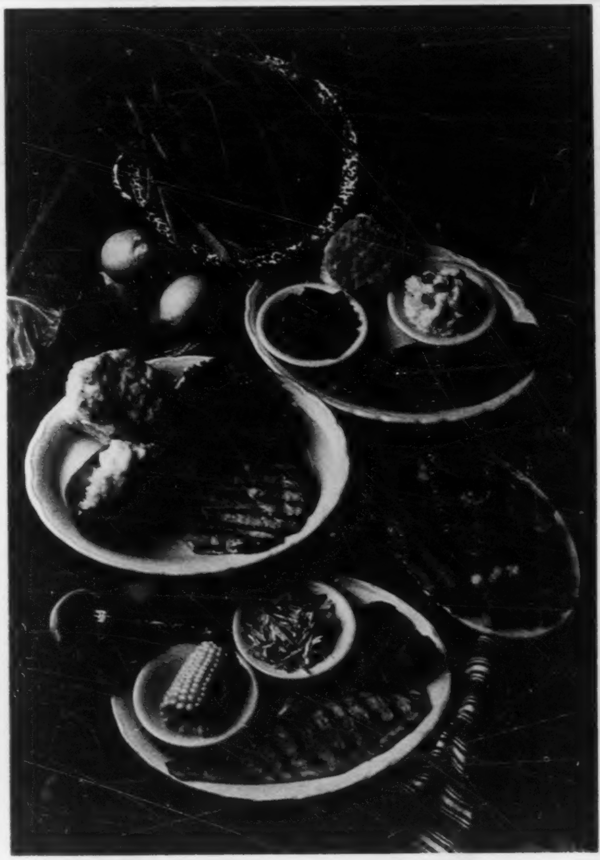
Regional taste preferences have stymied chains.

By Jacque Kochak

A multitude of independent operators serve up big plateFuls of country specialties on highways and byways across the South and Midwest, and thousands of roadside barbecue stands sell smoky slabs of ribs, pulled pork, and beef brisket in thousands of small towns. Yet very few chains have grown up to tap the public's undeniable interest in either country cooking or barbecue. Independents reign, and for good reason.

"The people I found who care about barbecue are fanatics, and you can't duplicate their fanaticism with a chain," says Jimmy Banakis, managing partner of Bub City Crabshack and Bar-B-Q in Chicago, part of Lettuce Entertain You Enterprises (LEYE). Banakis embarked on an odyssey through the South to learn about barbecue.

"It seems like everyone's tried to break into the barbecue market," agrees [illegible] Keller, chairman of [illegible] of Fat Boy Bar-B[illegible]e System in [illegible]la. "McDonald's took a molded piece of meat with barbecue sauce and called it McRib, and Kentucky Fried Chicken put sauce on chicken. But I don't see anyone doing well unless they do barbecue right."



PoFolks emphasizes home-style dishes such as chicken, country-fried steak, and catfish.

NEW FACES, OLD FACES. While independents will probably own the barbecue market for the foreseeable future, many entrepreneurs are enticed by the popularity of the regional cuisine.

"The beauty of barbecue is that it isn't trendy and it doesn't change," says Gary Jacob, who runs the National Rib Cook-Off in Cleveland every year. "But in the '90s, a lot of smart-money guys are copying barbecue shacks that have been in business for 50 years."

Fred Crowe, president of Memphis' Gridley's Bar-B-Q, agrees that the barbecue business doesn't really change much over the years. "People still want their barbecue, and they want it the way it has always been," he says. "But the number of places serving barbecue has probably tripled over the last 10 years."

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In Arlington, VA, a popular spot is Red, Hot & Blue, modeled after an old-time barbecue shack in Memphis and owned by Lee Atwater, chairman of the Republican National Committee.

K.C. Masterpiece has followed up its success in Kansas City by introducing barbecue to St. Louis, where another unit just opened. The restaurant is reportedly posting phenomenal sales, despite the fact that St. Louis doesn't enjoy a heritage of barbecue.

Nevertheless, the barbecue restaurants favored by many continue to be the real thing, the out-of-the-way, no-frills places like Warren Clark's in Tioga, TX. The restaurant's namesake makes a religion out of slow-cooking meats on an open pit.

Or like Dallas' Sonny Bryan's, which opens at 11 a.m. and closes the doors when the food is gone. The restaurant's few stools can't hold most of the customers, so they eat outside on their car hoods.

Or like Teller's Bar-B-Q, in the Appalachian mountain community of Clinchport, VA, where the proprietor slow-smokes meat in big barrels outside the restaurant.

REGIONAL DIFFERENCES. For barbecue, at least, differences in regional tastes are important. The barbecue that people like in the Carolinas differs significantly from the barbecue popular in Florida, and Florida barbecue is different from barbecue in Tennessee. Texas is an altogether different story, and then there's Missouri.

Up north in Chicago, the populace boasts a noble history of consuming ample quantities of barbecued ribs at legendary rib houses like Carson's, Randall's, and Leon's. Yet when LEYE's Banakis took a Texas-style barbecue to the Windy City, customers told him the taste was too smoky. "We didn't have to educate customers at Bub City about barbecue," Banakis says. "They told us what they wanted."

In most of the rest of the North, people think that the chicken slathered with store-bought sauce and quick-cooked on the backyard grill is "barbecue." They're not familiar with the complex, smoky taste of true barbecue, cooked slowly for hours.

The BBQ segment is dominated by independents.

"It's difficult to open stores in Northern states because people aren't used to barbecue," says Fat Boy's Jesse Keller. "You don't just go up and open a barbecue place and expect to succeed. You have to break in."

Until recently, making true Southern barbecue always involved slow-smoking meats for hours over an open pit. The

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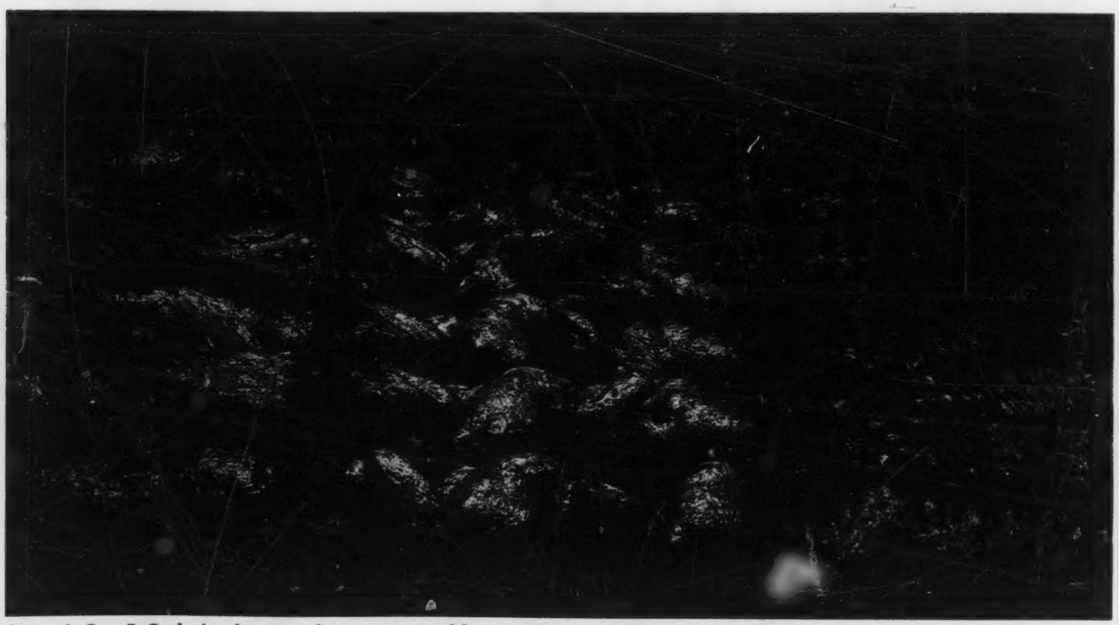

Sonny's Bar-B-Q chain slow-smokes meats and bastes them with a tomato-based sauce.

Bob Evans Farms offers a broad menu with something for everyone.

This segment promises good price/value.

process was laborious and time-consuming, and old-timers say that it took at least a year to train a pit-man, who works without a timer and has to know by instinct where the pit is hot and where it's not, so the meat doesn't burn.

Advances in technology have made it possible to slow-smoke meats in commercial cookers, so some multi-unit regional operators have emerged.

Among them is Gainesville, FL-based Sonny's Bar-B-Q, with 80 units currently scattered through Florida, Georgia, North Carolina, Alabama, Kentucky, Mississippi, and Louisiana. Systemwide sales are projected to be $87 million for 1990. Plans call for eight additional stores to open in 1990, with the East Coast of Florida south of Cocoa Beach targeted for expansion.

Sonny's barbecues pork, beef, and chicken, and the meat is sliced rather than chopped. The sauce is tomato-based. Sonny's is a traditional "barbecue barn," with a country-and-western decor and wooden benches. Exteriors boast shutters and pillars.

Competitor Fat Boy Bar-B-Q Franchise System is based in Cocoa, FL. The company started in 1958 in Cape Canaveral, and chairman Keller says, "I broke the sound barrier the first time we took in $100."

Of course, he points out, sandwiches sold for 35¢ at the time. Sandwiches now sell for about $2.50, and average unit volume is $650,000 a year. Systemwide sales are estimated by *RB* at $25 million.

Ten to 12 units will open next year, says Keller. Right now two company stores exist; another two may possibly open next year as well.

Units are currently open in Florida, Kentucky, North Carolina, Puerto Rico, and the Bahamas, as well as in Ft. Collins, CO.

Fat Boy's is working on a prototype drive-thru restaurant that would allow expansion into smaller towns, says Keller. The restaurant seats only 44 to 64 people, with the majority of sales from the drive-thru window; a full unit seats up to 258 people, including seating in the banquet room.

The prototype costs $160,000 to build instead of the $300,000 required to open a standard unit, and utilizes much smaller and less expensive parcels of land. Another plus is that eight to 10 waitresses are eliminated, saving on labor costs. "We can put the restaurant into towns of fewer than 70,000 people," says Keller.

More typical is the small regional operator with a strong local following. Kansas City's Gates & Son's (See upcoming cover story, November 1, 1990), is an example. Another example is Memphis' Gridley's, with three units in operation. Two are located in Memphis; a franchised unit operates in Jackson. The company was founded in 1975 by Clyde Gridley, who started off

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with a Loeb's Bar-B-Q franchise and later opened his own concept.

Gridley's still uses a series of pits to smoke its pork shoulders, prime beef brisket, and ribs over hickory wood for up to 16 hours.

"Economically, we'd be better off using automatic cookers, but I think the taste and texture of the meat are changed," says Crowe. "You just don't get the charcoal flavor. The taste is hard to describe unless you put the two kinds of barbecue side-by-side, but you can't duplicate an open pit."

Crowe points out that a barbecue restaurant is a lot harder to operate than many restaurants. Because of the cooking time and meat shrinkage, barbecue is an extremely high-cost food. Another problem is the fluctuation in food prices; ribs can vary as much as $1.20 a pound in price from one time of the year to another.

The rewards are significant, however. Each Gridley's averages $2.5 million in sales annually.

Typical of the new breed of entrepreneurs attracted to the barbecue business is LEYE's Jimmy Banakis. Bub City Crabshack and Bar-B-Q features Southern-style seafood dishes as well as barbecue. The slow-smoked brisket is cooked over hickory and mesquite wood in a commercial cooker. Other barbecue specialties include chopped pork sandwiches and barbecued chicken sandwiches.

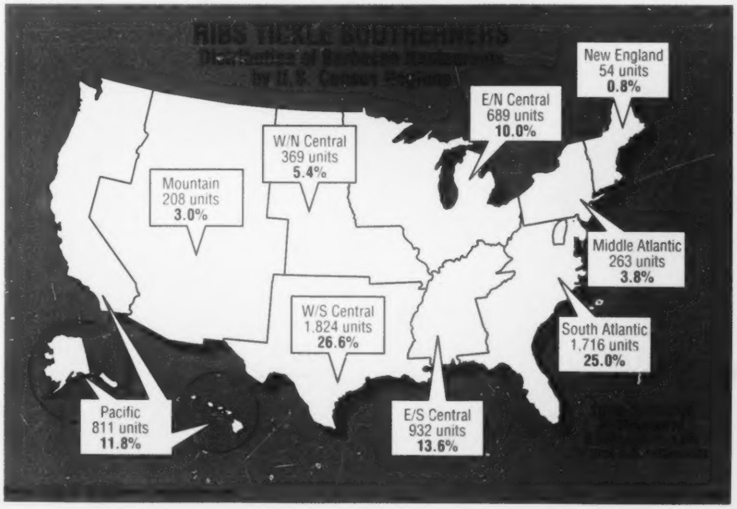
Rib restaurants have a broader appeal than BBQ.

The menu also offers such items as oyster and hot sausage po' boys, skillet fried chicken, Bub Potatoes, seafood 'n cornbread stuffing, Somthin' Choclit, and a bananas Foster sundae.

The atmosphere is casual, with diners surrounded by weathered wood and exposed brick walls cluttered with nautical nets and ropes, postcards, a wild pig's head, wagon wheels, and other artifacts.

Bub City offers several private party areas, and special menus include crab feasts, Texas pig-outs, and fish boils.

RIB HOUSES. Barbecued ribs are more


RIBS TICKLE SOUTHERNERS
Distribution of Barbecue Restaurants by U.S. Census Regions
New England 54 units 0.8%
E/N Central 689 units 10.0%
W/N Central 369 units 5.4%
Mountain 208 units 3.0%
Middle Atlantic 263 units 3.8%
W/S Central 1,824 units 26.6%
South Atlantic 1,716 units 25.0%
Pacific 811 units 11.8%
E/S Central 932 units 13.6%

familiar than barbecued beef or pork to people in most of the country, and restaurants specializing in barbecued ribs seem to do well everywhere. They encounter less of a regional bias; barbecued ribs are more nearly "All-American."

Restaurants specializing in barbecued ribs make less of a religion out of barbecue, sometimes cooking the ribs in an oven with sauce and skipping the smoking process altogether.

Their competition tends to be all other casual-theme restaurants rather than barbecue restaurants in particular. A Tony Roma's, for example, competes against a Friday's or a Houlihan's, not the local barbecue outlets.

"We don't tread on the toes of the local barbecue places, and they don't tread on ours," says Tony Roma's president, Ken Reimer. "The traditional barbecue places are part of Americana. We can't duplicate that."

He points out that the typical barbecue outlet is usually short on decor, often self-service, with a different pricing structure than a Tony Roma's, and quite often a different clientele.

Tony Roma's now operates 137 units nationwide, with the greatest concentrations in California and Florida. Units also operate in Canada, Japan, the Caribbean, and Guam. Expansion plans call for opening another 25 restaurants in the next year, most of them franchised.

Reimer says that systemwide sales will reach $250 million for the fiscal year ending in February of 1991. Sales are growing at a rate of about 20% a year, he says, largely because of new unit openings, but also because same-store sales are up slightly.

Tony Roma's typically adds one or two new menu items a year to keep the menu fresh. This year's addition was the Roma Feast, a platter with sausage, barbecued chicken, Carolina honey ribs, cole slaw, and corn on the cob. The platter sells for $8.95 at most locations.

Reimer won't comment on how Tony Roma's prepares its ribs. "That's a little like asking the Colonel how he makes his chicken," he says. He does say, however, that Roma's does more grilling than barbecuing, and that the company uses a sauce whose ingredients are acceptable all over the country.

Reimer adds that Tony Roma's is very aware of regional preferences in barbecue, but doesn't tamper with its basic product, the original baby back ribs. In an area where customers are used to a radically different kind of sauce, Tony Roma's might consider using an alternative sauce on one of its four other rib offerings, he says.

Another typical rib chain is Ft. Lauderdale-based Bobby Rubino's, with 18 units on the East Coast and one in San Francisco. The company posted 1989 systemwide sales of $40 million, with an average unit volume of just under $2 million.

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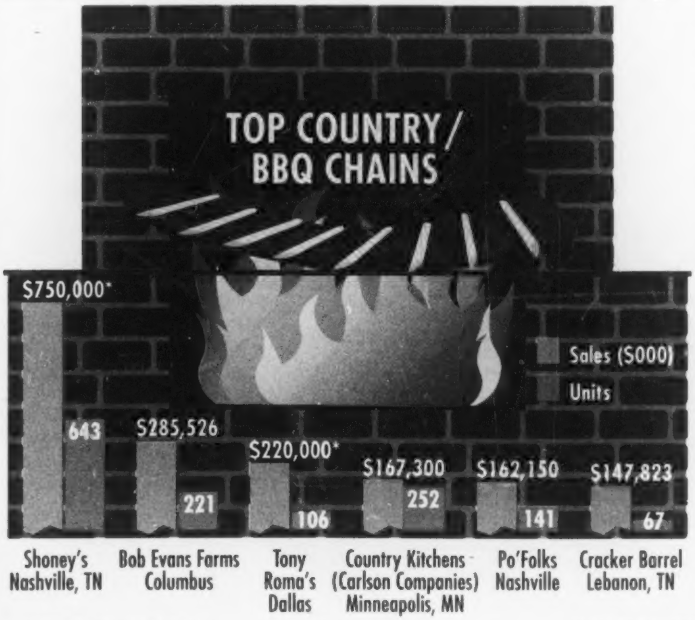
The company had ceased franchising for awhile, but has now resumed. Expansion plans call for opening more company stores, as well, with the emphasis on filling in Florida markets.

Janice Kinker, Bobby Rubino's director of marketing, notes that many more restaurants are offering barbecued ribs than ever before. "Ribs are on everybody's menu," she says. She also sees heavy discounting, with rib houses such as Bobby Rubino's struggling for market share with chains like Friday's and Chili's.

Bobby Rubino's serves barbecued ribs, shrimp, chicken, and combos. Several new soups and salads have been added during lunch. Increased emphasis is being put on Bobby Rubino's take-out business, which now accounts for about 10% of sales. Take-out is being promoted through in-store signage.

The restaurants also sell grill-ready ribs, which are preseasoned to finish on the grill in eight minutes. The ribs are being promoted by advertising that explains "How to Become a Cookout Legend—Cheat a Little."



Source: The Top 100, RB November 20, 1989 Figures are for U.S. systems 1988 * Estimated by Technomic Inc.

COUNTRY COOKING. So-called "country cooking" is increasing in status. While independents across the U.S. have long specialized in hearty, flavorful foods using America's indigenous ingredients, sophisticated chefs are now doing likewise.

The American consumer is increasingly interested in value, and is drawn to casual, comfortable restaurants that offer a simple, familiar kind of cooking. As a result, "country cooking" is today being promoted with pride by pedigreed chefs.

Among them is Jack McDavid, owner of the Down Home Diner and Jack's Firehouse in Philadelphia. He insists that country cooking can be just as complicated as haute cuisine. Both restaurants specialize in McDavid's own variety of country, and customers wait outside the Down Home Diner for up to two hours.

Sophisticated chefs are serving country dishes.

McDavid makes much of the fact that he is a country boy from the Appalachian Mountains of Virginia, near where Tennessee and Kentucky meet. But he also doesn't hide the fact that he trained in restaurants the likes of La Cote Basque in New York City, Le Lion D'Or in Washington, and Le Bec-Fin in Philadelphia.

McDavid went to the University of Virginia to study accounting, but got bitten by the restaurant bug when he worked part-time in a restaurant. He spent a number of years training at top restaurants up and down the East Coast before opening the Down Home Diner four years ago.

When the Down Home Diner first opened in Philadelphia's century-old Reading Market, the restaurant served only breakfast and lunch, with dinner added later. Breakfast consisted of old favorites such as fried country ham with red-eye gravy and stewed apples, french toast with Vermont maple syrup, and cinnamon rolls. Lunch and dinner dishes include pot roast, pork chops smothered with apples and onions, a B.L.T. sandwich made with Virginia slab bacon, Brunswick stew from the Appalachians, and pulled pork—the shredded pork with a vinegar sauce that is favored as barbecue in some parts of the South.

Customers aren't fooled by McDavid's down-home demeanor, however; he also makes liberal use of such ingredients as wild rice, shiitake mushrooms, pine nuts, angel hair pasta, and alfalfa sprouts.

When McDavid opened Jack's Firehouse in an old fire station near

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Country chains offer low prices and hearty fare.

OooooWEEE!
CRAB
• BLUE CRAB
• DUNGENESS
• SOFT SHELL
• STEAMED CRAB
• GARLIC CRABS
• CRAB AU GRATIN
• SNOW CRAB
HOT n' SPICY
STUFFED CRAB
Much Fun for the
...erage Man!"
that BBQ SALMON

LEYE's Bub City Crabshack and Bar-B-Q serves country specialties.

downtown, he introduced something he calls "haute" country. "I'm serving things people never heard of in an upscale restaurant, like black-eyed peas, hog-jowl soup, and chitlins," he says. How does he get customers to try chitlins? With his American Sampler menu, consisting of 15 to 20 different small samplings of menu items served family style.

Equally devoted to promoting America's own indigenous specialties is Ruth Adams Bronz of Miss Ruby's Cafe in New York City (See *RB* July 1, 1990). She calls herself a missionary, charged with educating people about the diversity and appeal of this country's own cooking.

Her 80-seat restaurant in Manhattan's Chelsea district serves American classics such as corn and red onion fritters, chicken-fried steak, catfish in cornmeal batter with onion hush puppies and tartar sauce, gumbo, pork chops and collard greens, and Southern fried chicken.

At the same time that accomplished chefs have been discovering American regional cooking, a few chains serve variations on the same kind of home cooking.

They do a good job of providing meals to replace home-cooked food, especially for travelers, and serve home-style specialties such as chicken-fried steak, fried chicken, pot roast and chicken with plump homemade noodles.

The largest is Columbus, OH-based Bob Evans Farms, with units strung along highways from Florida to Michigan. The chain grew out of a diner in Gallipolis, OH, where founder Bob Evans started serving his own sausage. Both a thriving restaurant business and a thriving sausage company grew out of that original enterprise.

Bob Evans Farms now operates 248 restaurants in 14 states, primarily in the Midwest. Nine of the total operate in Texas under the name Owens Family Restaurants. The company continues to expand at a steady rate, with about 20 units expected to open in the next year, says Mary Cusick, vice president of corporate communications.

One of the new units will be a redesigned prototype, with a cleaner look, a larger waiting room, and easier access to restrooms. The new restaurant will contain an area dedicated to carry-out, with a dedicated phone line for taking orders.

The restaurant will also contain a Bob Evans General Store. Units with general stores will be built at destination points, near amusement parks and resorts. The first one will open near King's Island north of Cincinnati.

For the first time, Bob Evans' expansion will be taking the company into New York state. A unit will open in Buffalo, and further East Coast expansion will follow.

With systemwide sales for fiscal 1990 of $322 million and average unit volumes of $1.4 million, Bob Evans clearly appeals to customers. The restaurants are squarely in the family restaurant category, with country specialties lending personality to the menu.

The broad menu contains something for everyone. Along with country-fried steak, biscuits and gravy, catfish, and homemade chicken and noodles, the hungry diner can find spaghetti and meatballs, hamburgers, and salads.

Bob Evans is also continuing to emphasize its grilled skinless chicken, and serves all sandwiches on multigrain buns. The company is also in the final stages of testing a pot roast.

The company will be playing up its rural heritage with a new advertising campaign this fall. Television advertisements will talk about "The Way It Was Is The Way It Is At Bob Evans."

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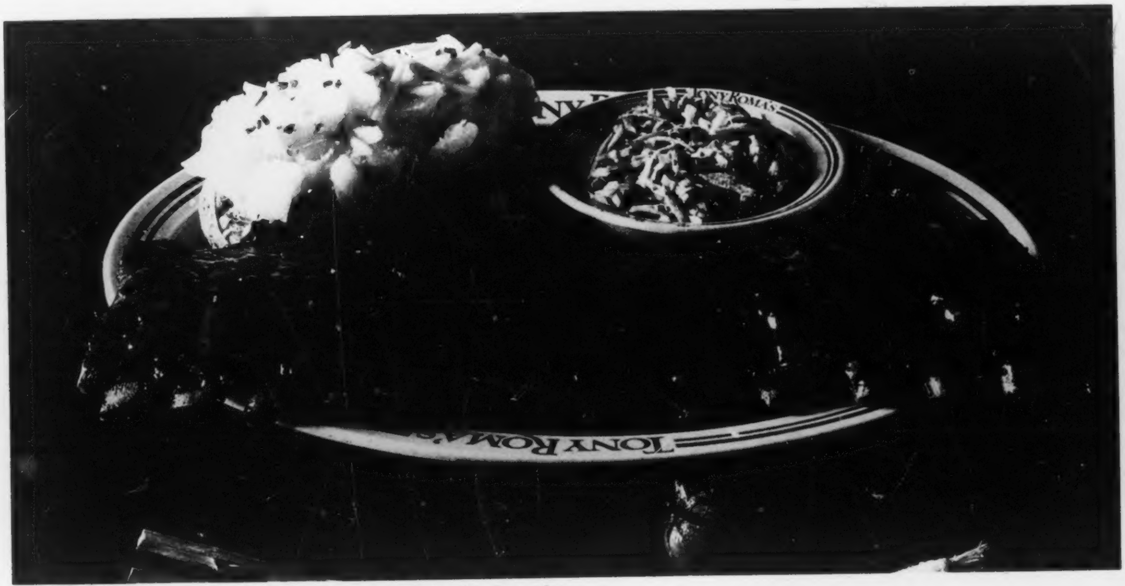

The Tony Roma's chain doesn't tamper with its basic recipe.

Another family restaurant chain that emphasizes a country connection is Nashville, TN-based PoFolks, with 137 units and $170 million in systemwide sales. PoFolks average unit volume is about $1.2 million, says Mike Duncan, field marketing manager.

PoFolks has units as far afield as Detroit and Philadelphia, but the company's stronghold is the Southeast and Southwest.

Like Bob Evans, PoFolks emphasizes home-style cooking such as country-fried steak, fried chicken, and Southern-style catfish. Entrees are accompanied by two home-style vegetables, with 19 choices available.

Also like Bob Evans Farms, PoFolks doesn't restrict the menu only to country favorites. A customer can also choose from entrees such as London broil, chuck steak, or eight different seafood entrees. Duncan says seafood accounts for 40% of the menu mix.

PoFolks makes more of a point of playing up the country connection than Bob Evans, however, with hostesses saying "Howdy" to incoming customers, and the menu containing misspelled words as well as an almanac section full of old-fashioned homilies.

Part of the appeal of country-style restaurants is the low prices and the nutritious offerings, so they naturally appeal to families with children. In fact, says Duncan, *Consumer Reports* Magazine recently rated PoFolks the best restaurant chain for kids.

Most units are freestanding, in suburban and major metropolitan areas. The company is currently in the middle of a major remodeling program, taking units from a farmhouse decor to an atmosphere more closely resembling a comfortable country home.

Lebanon, TN-based Old Cracker Barrel restaurants, with 89 units in the Southeast and Midwest, also taps the public's desire for old-fashioned, home-style meals. The restaurants are strung along interstates in 12 states.

Fifteen new units were to open in 1990, and 18 more units are scheduled for opening in fiscal 1991.

BBQ isn't trendy; it's here to stay.

The restaurants resemble large, comfortable country farmhouses with big front porches. Inside, they contain gift shops. The menu emphasizes home-style cooking, with a particular emphasis on quality.

THE FUTURE. Both barbecue and country cooking restaurants are here to stay. The segment may always be dominated by independents, because a chain can't quite duplicate some of the elements that make these restaurants so appealing.

"You can't fool the people with gimmicks," says Jesse Keller of Florida's Fat Boy Bar-B-Q, expressing the philosophy of many in the barbecue/country cooking segment. "We stick with the basics, and make it like mother made it. If we can give you real good food and real good service, we expect to see you back." **KII**